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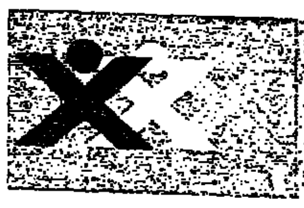

South Africa
A day for rejoicing
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Change in China
Zhu's credit squeeze risks social unrest
Page 16

Hata's home town
Celebrating the rise of a local hero
Page 5

A-Z of Computing
A revolution about to begin
Survey, Section III

FINANCIAL TIMES

Europe's Business Newspaper — TUESDAY APRIL 26 1994 — D8523A

Banco Santander wins fight for control of Banesto

The Spanish bank Banco Santander has won the auction for the 73.45 per cent stake of Banco Espanol de Credito with its bid of Pta772 per share, Bank of Spain governor Luis Angel Rojo said last night.

Santander will pay a total of Pta347.4bn ($2.52bn) for the 450m shares. It won over the Pta667 per share bid from Banco Bilbao Vizcaya and the Pta566 per share offer from Argentaria, Corp Bancaria de Espana.

Bosnia ceasefire talks: Russia, the US, the United Nations and the European Union are to seek a four-month ceasefire in Bosnia as part of a fresh effort to resolve the Bosnian crisis through negotiation. Page 16

Salomon, the US investment bank, reported a modest first quarter profit of $66m after a big drop in proprietary trading revenues, which were hit by declines in US and international bond prices and increased volatility in world currency markets. Page 17

Soares marks coup which led to democracy

Portuguese president Mario Soares (left) acknowledges supporters during a military parade in Lisbon to mark the 20th anniversary of the popular and almost bloodless coup which removed the last vestiges of dictatorship from the country and propelled Portugal towards democracy.

Bonn export credit premiums changed: Hermes, Germany's export credit insurance scheme, is to introduce a new set of country risks designed to give German companies a better chance of competing with foreign companies paying lower premiums. Page 6

Japan's recovery hopes dim: The fragility of Japan's hopes for a consumer-led recovery was underlined by weak indicators from the retailing and car industries. Page 4

MEPs seek to cut secrecy: The European Parliament is likely to decide today to take legal action against the member states of the European Union, adding its weight to Dutch efforts to overturn a move to limit public access to information on EU decisions. Page 2

Gilt-edged fall hits ABF profits growth: A £28m drop in investment income at Associated British Foods to £17m, following a fall in the gilt-edged market, held back growth in interim pre-tax profits. Page 18; Lex, Page 16

Reuters' revenue up 15%: Shares in Reuters Holdings rose 13p to 518p after the financial information and news group said its first-quarter revenues had increased by 15 per cent to ($749m) over the same period last year. Page 17; Lex, Page 16

Sappi omits payout: Sappi, South Africa's biggest pulp and paper company, reported a decline in annual after-tax profits to R142.2m ($29.3m) and said it would pass its final dividend. Page 23

Radar contract for Thomson-CSF: French electronics company Thomson-CSF is to supply air traffic control radar for Prague airport. The value of the contract was not given. Thomson-CSF accounts delayed, Page 18

Texaco, the US oil group, reported a 28 per cent decline in consolidated first-quarter net income to $202m as lower crude oil prices offset increased production. Page 20

Net income up 39% at DuPont: US chemicals group DuPont reported a 39 per cent rise in underlying net income to $642m for the first quarter – its best performance in any quarter since 1990. Page 21

Goodyear, US tyre group, said strong US sales and operating efficiencies had contributed to a 33 per cent surge in first-quarter net income to a record $118m. Page 21

Incentive bids for rest of Cardo: Incentive, a key company in the Wallenberg family empire, launched a bid for Swedish investment group Cardo after buying a 44 per cent stake in the company from Volvo for SKr3.7bn ($469m). Page 17

India bans cheap share purchases: Foreign companies have been banned by the Indian government from buying shares in their stock exchange-listed Indian subsidiaries at a fraction of market prices. Page 16

■ STOCK MARKET INDICES		
FT-SE 100:	3,106.1	(-27.6)
Yield	3.9	
FT-SE Eurotrack 100	1,449.13	(-7.11)
FT-SE-A All-Share	1,571.74	(-0.7%)
Nikkei	19,709.14	(-255.25)
New York: lunchtime		
Dow Jones Ind Ave	3,671.28	(+22.6)
S&P Composite	449.68	(+2.05)

■ US LUNCHTIME RATES	
Federal Funds:	3 17/32%
3-mo Treas Bills: Yld	3.847%
Long Bond	88 3/8
Yield	7.201%

■ LONDON MONEY		
3-mo Interbank	5 3/16%	(5 1/4%)
Liffe long gilt future:	Jun 106 3/32	(Jun 107 1/4)

■ NORTH SEA OIL (Argus)		
Brent 15-day (Jun)	$15.785	(15.55)

■ Gold		
New York Comex (Jun)	$374.9	(372.1)
London	$372.75	(369.5)

■ STERLING		
New York lunchtime:		
$	1.492	
London:		
$	1.4916	(1.4853)
DM	2.5049	(2.517)
FFr	8.604	(8.6256)
SFr	2.1354	(2.1354)
Y	153.985	(153.946)
£ Index	79.9	(80.0)

■ DOLLAR		
New York lunchtime:		
DM	1.67905	
FFr	5.7665	
SFr	1.433	
Y	103.85	
London:		
DM	1.6794	(1.6947)
FFr	5.7685	(5.8075)
SFr	1.4317	(1.4378)
Y	103.225	(103.65)
$ Index	65.7	(65.0)
Tokyo close Y 103.65		

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lv25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL60
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.60	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Peso50	Syria	S£50.00
France	FFr9.00	Kuwait	Fils.625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Es225	Turkey	L13000
						UAE	Dh12.00

Extreme right attacks feared on S Africa poll

Election security tightened in the wake of bombs

By Michael Holman and Mark Suzman in Johannesburg

Right-wing extremists were feared last night to be planning violent attacks targeting polling stations in South Africa's first all-race elections, which start today, after bombers struck again yesterday.

Last night a bomb exploded in a black area of Pretoria following a car bombing earlier in the day in Germiston, near Johannesburg, that killed 10 people and injured 36. Police said a number of people could have been killed in the Pretoria bombing, but no casualty figures were available. Yesterday's attacks brought the number of explosions since Saturday to 13.

The Germiston bomb was planted at a rank for minibus taxis used by blacks. Nine people were killed and nearly 100 injured in Sunday's car bomb explosion in central Johannesburg.

Security in and around polling stations was being tightened last night after talks between President F.W. de Klerk and Mr Nelson Mandela, the African National Congress leader.

Although no one has so far claimed responsibility, it seemed likely the country's extreme white right has mounted a campaign to disrupt the three-day poll. Today the elderly and infirm

go to the polls, as well as South Africans abroad. The rest of the 22m eligible voters are able to cast their ballots tomorrow and on Thursday.

The attacks, which have shattered the optimism that greeted the decision a week ago of Zulu Chief Mangosuthu Buthelezi to participate in the poll, are expected to target the 9,000 polling stations around the country.

Shortly before yesterday's attack in Germiston, Mr de Klerk stressed that the election would go ahead. "We are not going to allow the right wing or anyone else to delay this election," he said.

At the same time, the shift of conservative opinion to the Freedom Front led by former General Constand Viljoen, which is participating in the election, continued yesterday as MPs and town councillors defected from the Conservative party, which is boycotting the poll.

The impact of the blasts on the election outcome is hard to determine. Recent research into voter attitude suggested that blacks were more inured to violence than whites, and thus more likely to ignore the risk and cast their vote.

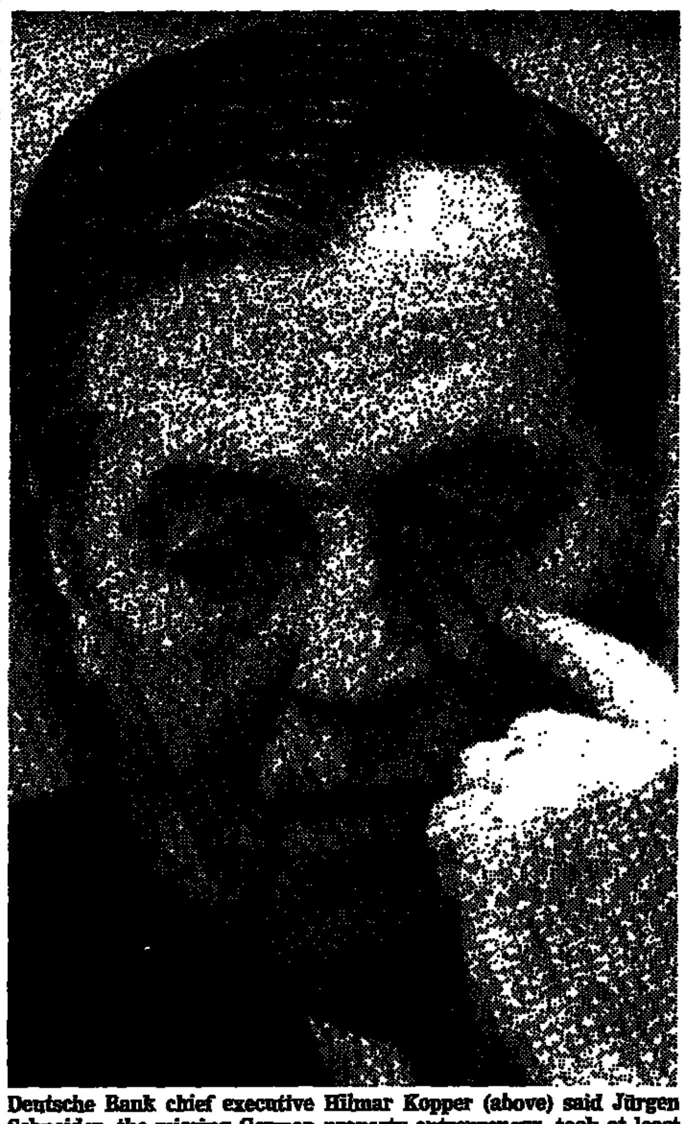
Visiting some of the victims of Sunday's blast, Mr Mandela said: "I am convinced tough measures if applied can bring these people to book. I hope the government acts in a way to remove the impression it is a government of weaklings."

Apart from tightening security measures, Mr de Klerk and Mr Mandela are understood to be close to agreement on an amnesty for perpetrators of past acts of violence, in an attempt to defuse the right-wing threat and reassure white members of the security forces fearful of retribution under an ANC-led government.

Bombs have also gone off at the Steynsburg Town Hall in the eastern Cape, at Bloemhof magistrates court in western Transvaal, and at a taxi rank in Rand-

Continued on Page 16

Schneider took $128m, Deutsche Bank confirms



Deutsche Bank chief executive Hilmar Kopper (above) said Jürgen Schneider, the missing German property entrepreneur, took at least DM219m ($128m) in cash from the Schneider group before he left. Mr Kopper was responding to criticism of his bank, which has DM1.2bn of loans outstanding to the group, over the affair. Page 16 Reuter

Dehaene favourite to succeed Delors as EC head

By Lionel Barber in Brussels

Mr Jean-Luc Dehaene, prime minister of Belgium, is emerging as favourite to succeed Mr Jacques Delors as the next president of the European Commission following tacit support from France and Germany.

Chancellor Helmut Kohl of Germany is expected to raise the name of Mr Dehaene during talks with Mr John Major tomorrow. The meeting is being billed in Brussels as crucial for the Delors succession, and seen as a test of Britain's political clout inside the European Union after its recent retreat on voting rights.

Mr Dehaene has won support from Germany and France at the expense of Mr Ruud Lubbers, the long-serving Dutch prime minister, senior EU diplomats said. The move towards Mr Dehaene, an avowed federalist, appears to sink the chances of Sir Leon Brittan, chief EU trade negotiator and senior British commissioner.

It could also prove awkward for Mr Major as he struggles to avoid a split inside the ruling UK Conservative party over Europe.

"If Kohl wants Dehaene, and the French are behind him, then Major has no choice but to accept", said one senior Brussels official.

Mr Kohl's enthusiasm for Mr Dehaene is said to have grown during the Belgian presidency of the EU which ended last December. Mr Dehaene helped to wrap up a deal on the location of a dozen Euro-institutions, including the siting of the European Monetary Institute, forerunner of the European Central Bank, to Frankfurt, a high German priority.

President François Mitterrand and Mr Kohl are said to have cooled toward Mr Lubbers, partly because of the shaky Dutch presidency's performance in the run-up to the Maastricht treaty. However, his chances could revive once he breaks his self-imposed silence after the Dutch elections to be held next month.

By one account, Mr Dehaene's candidacy was floated as a Franco-German trial balloon to under-

Continued on Page 16

Socialists break up Japan's ruling coalition

By William Dawkins in Tokyo

Japan's governing coalition fell apart last night, only hours after it had elected Mr Tsutomu Hata as prime minister.

The Social Democratic party walked out of the coalition, depriving it of a parliamentary majority.

The socialists were angered by their coalition partners' decision to form a new conservative grouping, led by Mr Hata's Japan Renewal party, that would be the dominant voting bloc in parliament.

"There is no room for further talk. We are pulling out of all forums of the ruling coalition," said Mr Tomiichi Murayama, the chairman of the SDP, whose party's assistance in supporting Mr Hata had been decisive.

The SDP plans nevertheless to co-operate in getting parliamentary adoption of the current year's budget, already several months overdue, and in passing measures to stimulate Japan's economy – on the brink of a fragile recovery from its longest downturn since the second world war.

Early today Mr Hata said he would work to bring the SDP back to the fold.

The latest row threatens to prolong the government paralysis which began with the power struggle provoked by former prime minister Morihiro Hosokawa's decision to resign over a financial scandal, just over two weeks ago.

"This is indeed very regrettable for Japan," said Mr Kosaku Inaba, president of the Japan Chamber of Commerce and Industry.

The new conservative group, including four members of the seven-party coalition plus two recently-formed parliamentary parties, has promises of allegiance from 130 members of the lower house of parliament, far more than the socialists' 74 seats, according to Japanese news reports.

"There is a minimum politeness in things based on mutual trust," said Mr Wataru Kubo, the SDP's secretary-general, who had been tipped for a seat in Mr Hata's cabinet. "Didn't we work together to form the new government? Why should they do this on the day it was to be formed?"

The new group, called Kaishin, or innovation, resembles the grand union of political parties called for by Mr Hata at the weekend in an attempt to defeat the opposition Liberal Democratic party and to avoid the policy rows which crippled the final months of the previous government.

Some political analysts suspect the formation of Kaishin might also be intended to split the Socialists and opposition LDP, by attracting potential defectors from both camps.

Mr Hata and his coalition partners were meeting early today to decide a response to the socialists' decision to leave.

Pride and disbelief in Ueda City, Page 4

Explosion at space centre hits China's satellite hopes

By Paul Betts, Aerospace Correspondent, in London

An explosion at China's space centre, which destroyed a $75m advanced weather satellite and killed at least one person, has dealt a significant blow to the country's ambitious efforts to break into the world commercial satellite launch market.

The accident is likely to damage China's image as one of a handful of countries capable of competing in the $1bn a year commercial satellite launch business by stirring doubts about the reliability and safety record of its space industry.

The Chinese Aerospace Industry Corporation, successor to the former space ministry, confirmed yesterday that an "accidental event" had occurred on April 2 at the Xichang Satellite Launch Centre in the south-western province of Sichuan on the edge of the Tibetan plateau.

China has been seeking to win western business by offering cheaper satellite launches at between 30 and 50 per cent of the cost of equivalent European or US launches. Russia has also sought to win business in spite of a recent agreement with Washington not to undercut western prices by more than 7.5 per cent.

The explosion killed at least one person, injured more than 20 and destroyed a laboratory as well as the Chinese $75m Fengyun 2 meteorological satellite.

The satellite was originally due to be launched on a Chinese Long March rocket. The Chinese authorities released no details of the accident and said investigations into its cause were continuing, but western diplomats suggested it occurred during final preflight testing, with the explosion probably provoked by a leak in the satellite's on-board fuel system.

However, China acknowledged the explosion would affect its satellite launch schedule for the rest of this year. China had planned to launch five domestic and foreign satellites this year.

The setback comes at a particularly delicate time for the Chinese because it coincides with increasing competition in the commercial satellite launch business.

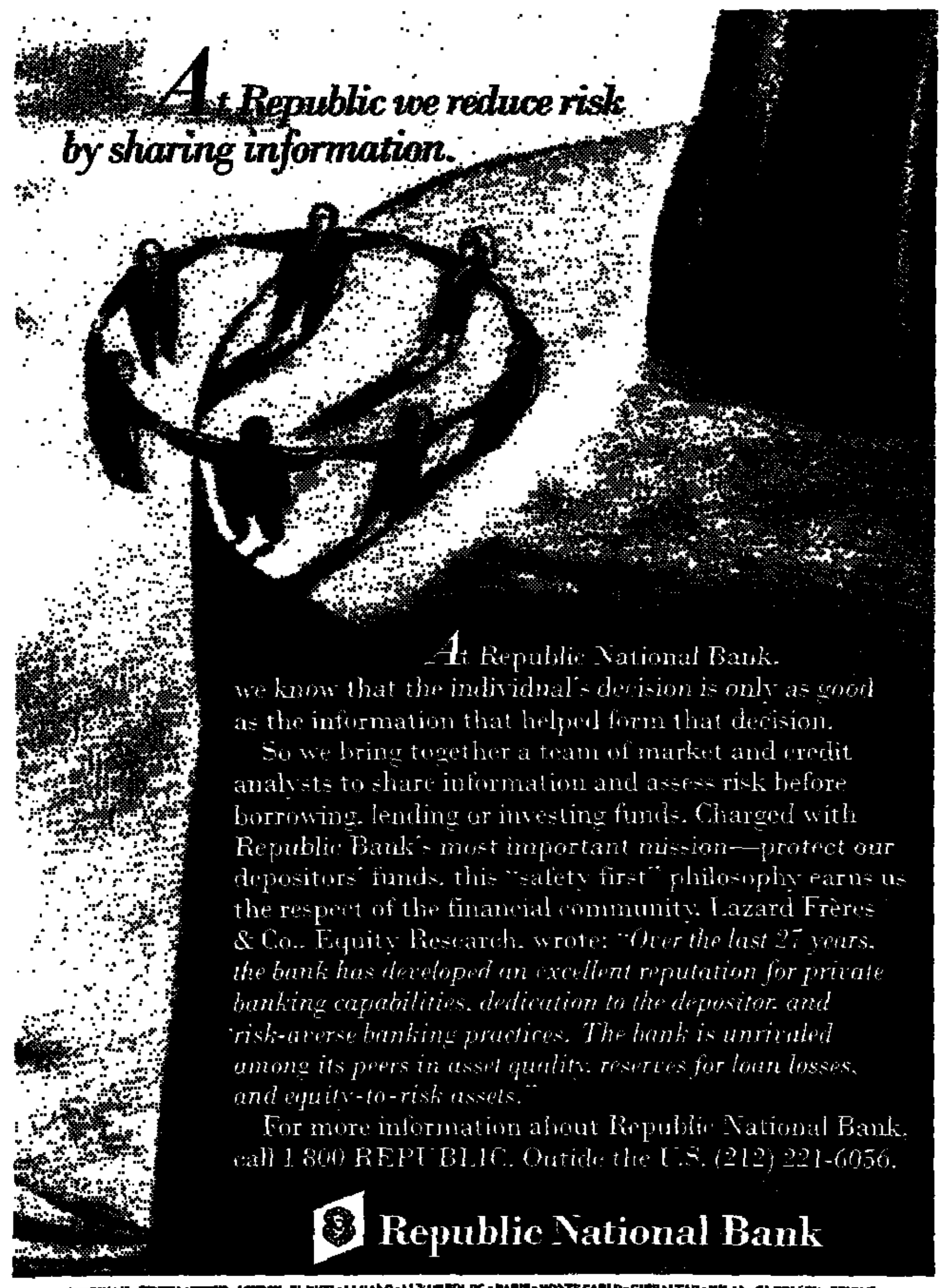
"The market remains difficult with an average of 15 to 18 new commercial satellite launch opportunities a year," said Mr Charles Bigot, the chief executive of Arianespace, the European satellite launch company which currently commands about 60 per cent of the commercial market.

Ariane also suffered a launch failure in January with the $350m loss of two satellites. Ariane is due to resume launches at the end of May or in early June.

China's Long March rocket currently has a backlog of seven commercial satellite launch orders compared with 39 for Ariane, 21 for US manufacturers and officially one for the Russian Proton rocket, although Russia recently indicated it had won up to 13 commitments.

China's space industry broke into the international commercial satellite launch market in April 1990 with the successful launch of AsiaSat 1 for the Asia Satellite Telecommunications Company of Hong Kong.

After an aborted launch attempt in March 1992, a Long March rocket successfully placed in orbit the Optus B1 satellite for Australia's Optus Communications. However, a second Optus satellite was destroyed during a failed launch in December 1992.



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Brussels and Bonn near beef deadlock

By David Gardner in Luxembourg

The European Commission moved closer to a serious confrontation with Germany yesterday, making clear it would take out an injunction against Bonn if the German government proceeds with its threatened unilateral ban on British beef exports.

There are growing fears in Germany of "mad cow disease", or bovine spongiform encephalopathy (BSE). As EU agriculture ministers met to discuss the worsening BSE row in Luxembourg, senior Commission officials said Brussels would act swiftly to nip any German action in the bud.

Normally, the European Court of Justice can take 18 months to two years to deal with infractions of EU law by member states. But "in this case we can get an injunction within two weeks", one official predicted.

The stakes in the BSE controversy rose sharply last week when German health minister Horst Seehöfer threatened in a Bundestag debate to resign if his government did not take "national action" against British beef.

Mr Seehöfer said that if this week's EU agriculture council did not take further precautionary health measures against BSE, Germany would have to act alone.

"The position of the Germans is entirely unacceptable," Mrs Gillian Shephard, UK agriculture minister, said yesterday. All other EU member states are satisfied that the restrictions the UK and the Commission have already imposed are adequate to deal with BSE.

The Commission announced a detailed review of the measures last week, hoping to head off German action.

But the British beef scare has become an emotive issue for Germans, with all-party backing for robust action as Germany heads through a plethora of state elections towards federal elections in the autumn.

MEPs seek to rend Council's curtain of secrecy

David Gardner reports from Luxembourg on new muscle-flexing by the parliament

The European Parliament is likely to decide today to take legal action against the member states of the European Union, adding its weight to Dutch efforts to overturn a move to limit public access to information on EU decisions.

The Dutch government in February started action in the European Court of Justice against the Council of Ministers contesting the legality of a catch-all clause on confidentiality inserted into the new code of conduct on access to information. The parliament's legal affairs committee – meeting, paradoxically, in secret in Brussels this afternoon – is expected to associate itself with the Dutch action.

This latest show of muscle by the Euro-assembly follows last week's threats to delay expansion of the EU to include four new members, and to withhold assent for the new European Commission due to be nominated by member governments later this year, unless parliament's committees can hold US Senate-style confirmation hearings with each of its members.

After receiving assurances from the Council and the Commission on the outcome of last month's row on EU voting rights between Britain and its partners, the parliament last week agreed to proceed with its mandatory vote on EU enlargement next month. However, it has lost no time in returning to the developing power battle with Brussels and the member states, and seems determined to demonstrate that its new powers under the Maastricht treaty make it a force to be reckoned with.

It has chosen an easy target in the Twelve's "openness" policy, which has not lived up to the claims made for it at successive EU summits.

The policy originally proclaimed right of access to all EU information except when national security, monetary stability, commercial confidentiality, privacy, or relations with non-EU countries could be endangered. But a majority of member states last December slipped in extra grounds for refusing access to documents, "in order to protect the confidentiality of the Council's proceedings". This clause is already being used to withhold official records of Council meetings, which are held behind closed doors.

Parliament is likely to back the Dutch legal argument, which objects to the code of conduct on information provision being put through by majority vote, under Article 151 of the EU treaty, governing internal regulations. The Netherlands says a reiterated policy to enhance the rights of European citizens cannot be dealt with as an "internal" matter, and should have required unanimous assent.

EU leaders said they would opt for a freedom of information regime along US and Scandinavian lines after the fright of Danish voters' initial rejection of the Maastricht treaty in June 1992. But a clear majority of member states – chief among them Belgium, Germany, Britain, France and Portugal – argue that ministers would be inhibited from taking decisions if their deliberations were made public.

The secrecy issue is bound to reverberate through the campaigns for and against EU entry in Sweden, Finland and Norway, which, along with Austria, aim to join the Union next year but must first win referenda on membership.

The Scandinavians affixed a joint declaration to their accession treaty underlining their determination to continue with their traditions of open government, and wide public access to official documents. But the EU countered with a declaration which, while stressing its respect for these traditions and constitutional requirements, underlines that Union law and regulations will be paramount in the event of any conflict.

UN soldiers carry a wounded man to hospital yesterday in Sarajevo. He was one of more than 100 evacuated by helicopter from Gorazde since the UN-Bosnian Serb agreement Picture: AP

Czechs fall prey to financial predators

East Europe has become a target for sharp operators, writes Patrick Blum in Vienna

A scheme to raise $1.2bn through the sale of fraudulent securities in a Czech bank is deeply embarrasing the Prague government. It has also highlighted once again how weak domestic controls and lack of experience in the international capital markets can make eastern Europe's economies a target for unscrupulous predators .

The scheme was discovered by the US Securities and Exchange Commission in March – early enough to prevent the bulk of apparently worthless securities issued by Banka Bohemia, a middle-sized bank, being sold in Europe and the US. "Promisory notes" worth more than $800m have been traced by the Czech National Bank and withdrawn from the market since then, but another $380m are still missing. It is not known how long the notes have been on the market, and how many were actually sold, but investors who bought them may never get their money back.

The fraud comes on top of a series of scandals that have hit the Czech Republic since the 1989 "velvet revolution" that overthrew communism. Senior officials, politicians, and businessmen, have been linked to activities ranging from tax evasion to insider trading and extortion. Even foreign companies have found themselves unwittingly embroiled in local scandals resulting from privatisations. According to police, of all types of crime, economic crime grew fastest last year.

Analysts say the Bank Bohemia scam was waiting to happen. Mr Daniel Jackson, director of Nomura International in Prague, says: "There are hundreds of these schemes [in the region]. The opening up of these countries has created enormous opportunities for these groups of operators. It's extremely dangerous, but if experienced western people can get taken in, it's hardly surprising that people in eastern Europe without the experience will fall for them."

"It's extraordinary how many of these people are moving around [eastern Europe] with these fraudulent schemes. They try their luck without concern about retribution because there's no enforcement mechanism for a guy that flies in from Switzerland to Prague, and offers what looks like a great deal."

That view is shared at the central bank. "There is a growing use of fraudulent [financial] instruments aimed at companies and countries wanting to raise funds. The bank has seen several such proposals of investments from abroad with very good conditions and low interest rates for large amounts," says Mr Martin Svehla, the bank's spokesman.

In Banka Bohemia's case the central bank was alerted by the SEC after the purchase by a US church institution of notes worth $18.2m for $8m through a London investment house . The central bank intervened quickly and placed its own administrator in the bank whose accounts have since been frozen to stop a run on deposits by anxious creditors.

The scheme involved Banka Bohemia notes described as "bank guarantee" and "prime bank guarantee" that were apparently sold by foreign partners of the Prague-based bank in Britain, Germany, Switzerland and the US.

Mr Svehla says the guarantees were signed by authorised officials at Banka Bohemia, though they were not recorded in the bank's books. They did not meet Czech foreign exchange regulations, and Banka Bohemia did not have a licence to issue them. The two deputy chairmen who signed some of the guarantees have been sacked, and inquiries continue within the bank to establish responsibility and the bank's liability.

Banka Bohemia says it is not liable for investors' losses because the notes were sent to partners abroad to help raise loans but not to be traded, and it has received no money.

Local custom and practice will not help sort out the mess. Brought up under a communist regime that lied to its own citizens as a matter of routine, many people do not consider financial impropriety as wrong, but as just another way of exchanging favours. "The problem is that there is no concept of ethical behaviour," says Mr Richard Fletcher of Arthur Andersen's Prague office.

Several instances of insider trading have come to light recently, though evidence has been mostly circumstantial. Misdemeanors include dealing in shares prior to a company's listing on the stock exchange, passing information about competitors' tenders, and buying shares through front companies to hide an original buyer's identity. Analysts say controls are insufficient, and activities overlap. Chinese walls are not properly established, and "there is probably seepage", says one analyst. "Nothing stops a big bank from putting in a lot of orders to push the price of a share up and selling (the stock) instead."

A western lawyer says these problems should not be exaggerated, that the rise in economic crime is an inevitable by-product of the radical transformation of the economy.

"The Czech Republic has been relatively scandal free when you consider the very short time during which huge numbers of people have become economic actors, and their lack of experience."

According to the police, of all types of crime, economic crime grew most quickly last year

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INTERNATIONAL ECONOMIC INDICATORS: MONEY AND FINANCE

This table shows growth rates for the most widely followed measures of narrow and broad money, a representative short- and long-term interest rate series and an average equity market yield. All figures are percentages.

UNITED STATES

	Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	9.0	8.9	8.00	10.59	n.a.
1986	13.5	8.3	6.49	7.67	3.43
1987	11.6	6.5	6.82	8.39	3.12
1988	4.3	5.2	7.65	8.84	3.61
1989	1.0	3.9	8.99	8.49	3.43
1990	3.7	5.3	8.06	8.54	3.60
1991	5.9	3.3	5.87	7.85	3.21
1992	12.4	2.4	3.75	7.00	2.95
1993	11.6	1.1	3.22	5.86	2.78
2nd qtr.1993	11.9	1.0	3.18	5.98	2.80
3rd qtr.1993	12.2	1.4	3.18	5.61	2.76
4th qtr.1993	10.5	1.3	3.34	5.59	2.73
1st qtr.1993	9.8	2.1	3.52	6.06	2.75
April 1993	11.0	0.5	3.15	5.96	2.81
May	12.1	1.1	3.14	6.02	2.81
June	12.8	1.5	3.25	5.94	2.80
July	12.7	1.5	3.20	5.79	2.80
August	12.2	1.4	3.18	5.68	2.76
September	11.7	1.4	3.16	5.35	2.73
October	10.9	1.1	3.26	5.32	2.71
November	10.4	1.3	3.40	5.70	2.74
December	10.1	1.5	3.35	5.74	2.74
January 1994	9.7	1.9	3.20	5.71	2.72
February	10.0	2.1	3.49	5.97	2.74
March	9.8	2.5	3.84	6.47	2.80

JAPAN

	Narrow Money (M1)	Broad Money (M2+CDs)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	5.0	9.3	6.62	6.51	n.a.
1986	6.9	8.2	5.12	5.35	0.84
1987	10.5	11.5	4.15	4.64	0.55
1988	8.4	10.4	4.43	4.77	0.54
1989	4.1	10.6	5.31	5.22	0.48
1990	2.8	8.5	7.62	6.91	0.65
1991	5.2	2.0	7.21	6.37	0.75
1992	4.5	−0.4	4.28	5.25	1.00
1993	3.0	1.4	2.83	4.18	0.87
2nd qtr.1993	3.2	1.4	3.09	4.55	0.83
3rd qtr.1993	3.3	1.9	2.83	4.25	0.80
4th qtr.1993	3.5	1.4	2.14	3.57	0.84
1st qtr.1993	4.8	2.0	2.05	3.68	0.82
April 1993	2.4	0.5	3.08	4.42	0.85
May	3.9	1.5	3.09	4.64	0.82
June	3.4	1.4	3.10	4.58	0.82
July	3.8	1.8	3.11	4.40	0.81
August	3.5	1.7	2.93	4.27	0.79
September	2.6	1.9	2.46	4.09	0.79
October	3.7	1.8	2.30	3.85	0.80
November	3.3	1.5	2.22	3.64	0.84
December	3.4	1.4	1.90	3.25	0.89
January 1994	4.2	1.6	1.96	3.34	0.85
February	4.8	1.6	2.05	3.60	0.80
March	5.4	2.0	2.13	4.08	0.79

GERMANY

	Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	4.3	5.1	5.45	6.94	n.a.
1986	10.0	8.3	4.64	5.90	1.79
1987	9.0	7.3	4.03	6.14	2.21
1988	9.7	6.4	4.34	6.46	2.61
1989	6.3	5.8	7.11	6.94	2.22
1990	4.5	4.5	8.49	8.71	2.11
1991	5.1	5.6	9.25	8.44	2.38
1992	7.1	8.2	9.52	7.77	2.45
1993	9.3	7.9	7.28	6.44	2.11
2nd qtr.1993	9.5	8.6	7.56	6.73	2.24
3rd qtr.1993	9.9	8.1	6.82	6.34	2.01
4th qtr.1993	8.6	7.5	6.34	5.83	1.79
1st qtr.1993			5.88	5.93	1.75
April 1993	9.0	8.7	7.92	6.63	2.23
May	9.3	8.5	7.52	6.80	2.27
June	10.1	8.5	7.60	6.77	2.22
July	10.1	8.7	7.24	6.57	2.09
August	10.1	8.3	6.82	6.34	1.96
September	9.5	7.3	6.63	6.12	1.96
October	9.1	6.4	6.64	5.93	1.86
November	8.4	7.3	6.31	5.86	1.82
December	8.1	8.8	6.11	5.71	1.89
January 1994	11.6	11.4	5.90	5.63	1.71
February	11.0	11.9	5.91	5.87	1.77
March			5.84	6.22	1.76

FRANCE

	Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	6.2	7.4	10.03	11.74	n.a.
1986	6.9	6.6	7.79	8.74	2.65
1987	4.1	9.9	8.26	9.46	2.75
1988	3.9	8.5	7.94	9.08	3.69
1989	7.6	9.5	9.39	8.79	2.88
1990	3.8	9.2	10.32	9.92	3.19
1991	−4.8	2.7	9.62	9.03	3.58
1992	−0.1	5.5	10.36	8.57	3.55
1993	0.2	−2.9	8.55	6.75	3.21
2nd qtr.1993	−0.3	2.8	8.01	7.08	3.33
3rd qtr.1993	−0.7	0.6	7.74	6.38	3.14
4th qtr.1993	0.8	−1.7	6.74	5.92	3.01
1st qtr.1993			6.28	5.99	2.85
April 1993	−2.7	4.1	9.06	7.14	3.25
May	−3.4	3.1	7.64	7.16	3.39
June	−0.3	2.8	7.32	6.95	3.35
July	−1.5	0.8	8.06	6.72	3.28
August	−1.9	0.3	7.93	6.33	3.06
September	−0.7	0.6	7.29	6.12	3.08
October	0.1	−0.5	6.99	5.95	3.02
November	−2.2	−1.4	6.74	6.02	3.07
December	0.8	−1.7	6.52	5.79	2.94
January 1994	1.6	−3.3	6.31	5.66	2.82
February	2.2	−4.0	6.30	5.93	2.81
March			6.25	6.37	2.90

ITALY

	Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	13.2	13.5	14.34	13.71	n.a.
1986	10.5	8.2	13.25	11.47	1.41
1987	10.4	9.8	11.32	10.58	1.94
1988	7.8	6.9	11.24	10.54	2.71
1989	7.1	8.2	12.41	11.61	2.46
1990	9.3	9.1	11.98	11.87	2.84
1991	7.3	8.0	11.83	13.20	3.45
1992	6.7	7.5	13.88	13.28	3.63
1993	4.3	7.0	10.22	11.23	2.35
2nd qtr.1993	2.3	6.0	10.82	12.49	2.47
3rd qtr.1993	4.9	7.8	9.36	10.27	1.89
4th qtr.1993	7.1	7.9	8.89	9.10	2.02
1st qtr.1993			8.41	8.99	1.80
April 1993	1.9	5.8	11.48	13.13	2.75
May	2.2	6.1	10.80	12.50	2.53
June	2.8	6.1	10.22	11.87	2.15
July	3.5	6.6	9.54	11.12	1.99
August	5.2	8.0	9.35	10.08	1.83
September	6.1	8.7	9.18	9.66	1.85
October	5.4	7.3	8.87	9.04	1.94
November	8.4	8.6	9.06	9.34	2.15
December	7.4	7.8	8.72	8.94	1.97
January 1994	8.0	6.7	8.44	8.69	1.88
February	7.1	8.1	8.37	8.78	1.74
March			8.43	9.46	1.77

UNITED KINGDOM

	Narrow Money (M0)	Broad Money (M4)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	4.7	13.2	12.32	11.03	n.a.
1986	4.0	15.3	11.02	9.97	4.35
1987	4.7	14.6	9.77	9.52	3.80
1988	6.8	17.0	10.41	9.69	4.48
1989	5.9	17.5	13.98	10.30	4.86
1990	5.3	16.1	14.82	11.53	5.07
1991	2.4	8.2	11.58	10.04	4.97
1992	2.3	5.3	9.73	9.09	4.81
1993	4.8	3.9	5.99	7.40	4.01
2nd qtr.1993	4.5	3.6	6.00	7.92	4.04
3rd qtr.1993	5.3	3.8	5.96	7.13	3.91
4th qtr.1993	5.4	5.0	5.61	6.61	3.75
1st qtr.1993	5.4	5.8	5.32	6.72	3.57
April 1993	4.8	3.5	6.02	7.81	4.06
May	3.7	3.8	6.03	8.08	4.08
June	4.9	3.4	5.95	7.88	4.01
July	5.0	3.6	6.01	7.49	4.03
August	5.5	3.8	5.91	7.00	3.83
September	5.5	4.1	5.96	6.91	3.88
October	5.4	4.4	5.83	6.81	3.81
November	5.0	5.1	5.96	6.77	3.84
December	5.9	5.4	5.40	6.28	3.61
January 1994	5.1	5.5	5.44	6.22	3.48
February	5.4	5.9	5.27	6.61	3.49
March	5.6	5.9	5.23	7.29	3.74

Monetary growth rates: show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. All growth rates refer to the seasonally adjusted series except for Japan and Italy. German monetary statistics now form a continuous pan-German series. Monetary data supplied by Datastream and WEFA from central bank sources. Interest rates: short-term, period averages of US – 90-day commercial paper, Japan – 3-month certificates of deposit, Germany – 3-month Fibor, France – 3-month Pibor, Italy – 3-month Euro-lira, UK – 3-month Libor; long-term, period average yields on 10-year benchmark government bonds. Interest rates supplied by Datastream. Equity market yield: period averages of the gross dividend yield on the relevant FT-A world index.

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EUROPEAN NEWS DIGEST

Kravchuk may not run in poll

President Leonid Kravchuk will not run for re-election unless elections are postponed and a law is adopted clarifying the division of parliamentary and presidential powers, a top Kravchuk aide said yesterday. "Kravchuk has not and will not submit his candidature for re-election unless the constitutional mess in Ukraine is sorted out," said Mr Yaroslav Mendus, the president's deputy adviser on internal affairs. "Without a clear division of parliamentary and presidential powers, we could see a repeat on the streets of Kiev of what happened in Moscow in October," said Mr Mendus, referring to the bloody clash in the Russian capital when both president and parliament claimed supreme authority. *Associated Press, Kiev.*

A decision not to run would put in question the nuclear disarmament pact Mr Kravchuk signed in February with the US and Russia. Other likely presidential candidates have stated their opposition to the accord.

However Kravchuk's opponents contend he would like to stay in office and is simply trying to avoid an election he would be hard-pressed to win.

Greek economy minister dies

Greece's economy minister, Mr Giorgos Gennimatas (left), died yesterday of cancer. Although unable to go to his office for almost two months, he had refused to resign. Mr Gennimatas, 55, was one of Greece's most popular politicians. Before his cancer was diagnosed, he was considered the most likely candidate to succeed Prime Minister Andreas Papandreou as leader of the Panhellenic Socialist Movement. During Pasok's first term in office in the 1980s, Mr Gennimatas served as interior minister, launching a decentralisation programme that gave more powers to local authorities, including decision-making on tourist development and environmental issues.

As health minister, Mr Gennimatas was responsible for setting up a national health system intended to improve hospital care and provide essential medical services in remote areas. However, he was criticised for banning the establishment of private medical clinics. *Kerin Hope, Athens.*

Coca-Cola opens Moscow plant

The Coca-Cola Company, the US soft drinks manufacturer, yesterday opened a $35m plant in Moscow, its first fully-owned, greenfield operation in the former Soviet Union. Coca-Cola, which says sales last year grew 270 per cent, plans to open a nother $30m plant in St Petersburg next month. Complete with a fleet of trucks, sales staff, the Moscow plant will employ 300 people in what the company describes as Russia's first fully integrated system for producing and distributing consumer goods.

Despite the confidence expressed by Coca-Cola executives in the Russian market, both investments enjoy coverage from Overseas Private Investment Corporation, the US government agency which helps US businesses invest abroad. fCoca-Cola started off its drive for nationwide distribution by franchising existing soft-drink manufacturers to bottle its drinks. *Leyla Boulton, Moscow.*

Polish coal strikes may spread

Strikes in Poland's opencast lignite mines yesterday were set to spread to the hard coal sector even as Mr Marek Pol, the industry minister, appealed to the Solidarity-led workers to start talks with the government. Solidarity's coal mining section in Katowice said yesterday that selected stoppages would be starting that evening.

Yesterday the strike in the lignite mines which directly supply fuel to a third of Poland's generating capacity had power grid officials warning that power cuts could affect individual consumers. Power supplies to heavy industry were reduced during the day.

The stoppages which stem from fears in the brown coal sector that a planned restructuring of the industry would lead to job cuts, are being backed by Solidarity which is campaigning for an end to state sector wage controls and income growth in real terms. *Christopher Bobinski, Warsaw.*

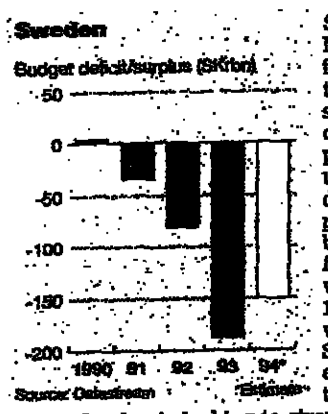
Italians mark liberation

Hundreds of thousands of Italians took to the streets yesterday to commemorate the liberation of the country from fascism 49 years ago and, in many cases, to protest peacefully against the victory of the right-wing Freedom Alliance in last month's Italian election.

Italy's left and centre parties, roundly defeated by the Freedom Alliance at the polls, were prominent in yesterday's demonstrations. In Milan, where heavy rain failed to deter tens of thousands from attending one of the largest rallies in the city since the 1970s, representatives of the federalist Northern League, another member of the Freedom Alliance, were barracked and jostled by demonstrators. Mr Umberto Bossi, the League's leader, had to be escorted by riot police to the cathedral square, focus of yesterday's events, after he and League officials were surrounded by a crowd whistling and shouting "fascisti" and "buffoni" (fools). The far-right National Alliance, inheritor of the neo-fascist MSI and one of the three victorious parties in the Freedom Alliance, called yesterday for the April 25 national holiday to be transformed into a "festival of reconciliation". *Andrew Hill, Milan.*

ECONOMIC WATCH

Sweden moves to cut debt



Sweden's finance minister Mrs Anne Wibble announced further measures to tackle the country's debt load, but she has had to bow to political and economic realities by postponing implementation until the second half of the decade. Setting out the supplementary budget, Mrs Wibble said the state would bring forward SKr10bn ($1.26bn) worth of savings into the 1995-96 budget year and would adopt a further SKr20bn of budget-strengthening measures at the end of the 1990s. The additional sum means Sweden is looking to strengthen its finances by a total of SKr100bn in the next six years.

The budget deficit for the year beginning July 1 1994 is predicted to be SKr150bn, or 9.7 per cent of GNP, compared with SKr198bn in the current fiscal year and the SKr172bn estimate given in January. The borrowing requirement is put at SKr195bn, compared with a SKr220bn January estimate. The government predicts 1994 GNP growth of 2.4 per cent, expanding to 3.0 per cent next year, driven mainly by exports.

The markets responded coolly by marking bond yields higher, interpreting the package as a sign of the minority government's weakness and its reluctance to take a tough stance before the September General Election. *Christopher Brown-Humes, Stockholm*

■ Consumer prices in the German state of North Rhine-Westphalia rose 0.2 per cent in April from March and 3.0 per cent year-on-year, the state's Statistics Office said yesterday.

Turbulence plagues Air France rescue plan

Subsidy bid becomes test of French lobbying power in Brussels, write **Lionel Barber and John Ridding**

Mr Christian Blanc, chairman of Air France, has won support from his 40,000-strong workforce for his rescue plan. Now comes the hard part: how to coax the European Commission into approving a FFr20bn (£2.32bn) capital injection for the loss-making national carrier.

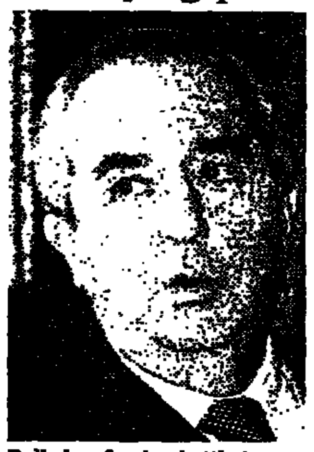
The Air France rescue plan is one of several billion dollar French state aid cases before the Commission this year, including Groupe Bull, the computer group, and Crédit Lyonnais, the state-owned banking group. All provide a test of France's lobbying power in Brussels.

France has long enjoyed a reputation for being able to make the Commission bureaucracy dance to its own tune. French diplomats have occupied strategic posts ever since the foundation of the European Community. France can also draw on a network of skilled operators inserted during the 10-year rule of Mr Jacques Delors, the French-born president of the European Commission, which is now drawing to a close.

Yet high-powered French lobbying is often used to compensate for French political weaknesses at home. The Air France case fits this pattern. What makes it so important is that it has become a symbol of Mr Edouard Balladur's reluctance to reform the public sector when confronted with protests from trade unions and other pressure groups. Put simply, this is a foreign battle which is too important for Mr Balladur to lose.

The government's climbdown at Air France last October in the face of violent strikes set a precedent which was repeated in a fishermen's dispute in February. Mr Balladur compounded the impression of vacillation by retreating over plans to cut the minimum wage for apprentices below the age of 26 – a move aimed at pricing young people into work which foundered on student protests.

The campaign on behalf of Air France is a mixture of charm, bluff and, some say, political blackmail. As an opening shot, Paris has presented the rescue plan as a victory for common sense, a triumph for Mr Blanc's gamble on a company-wide referendum. The implicit argument is that the Commission would risk serious labour unrest if it were unwise enough to reject the plan. The French used the same argument to extract concessions in the Gatt trade talks last December, repeating the point with equal effect last February when it persuaded



Balladur: foreign battle too important for him to lose

Brussels to extend minimum import prices for fish.

Mr Alain Juppé, the French foreign minister, reinforced the message by threatening to block Norway's entry into the European Union unless the Commission took action. More specifically, the French insist that the proposed capital increase for Air France will be the last time it dips into the public coffers for the national carrier. This sentiment is in line with the recommendation of the Commission-sponsored "wise men's" report on European airlines; but private carriers such as British Airways treat the claim warily in the light of the four capital injections, amounting to FFr8.5bn, which Air France has received since June 1991.

Moreover, the French government remains philosophically opposed to the "wise men's" recommendations for further airline deregulation. "The report is a brilliant intellectual exercise but forgets reality," said Mr Bernard Bosson, French transport minister.

Last week France flatly refused to accept a Commission report calling for an opening of Orly airport to private competition such as TAT, which is 49 per cent owned by British Airways.

French officials say, however, that they are encouraged by the European Commission's favourable response to a request for FFr7bn in state aid for Groupe Bull, the loss-making computer company; but serious hurdles remain to the capital injection.

Mr Abel Matutes, the outgoing EU transport commissioner, has linked approval to the plan to increased access to the French airline market. British Airways and other carriers in favour of more liberalisation argue that the FFr20bn capital injection will allow Air France to maintain operations in unprofitable routes and reduce access to rivals.

BA has told the Commission that the restructuring plan is thin on credibility. The 5,000 job cuts and the three-year salary and promotion freeze appear, at best, a bare minimum – a contrast with the steps taken in the early 1980s to prepare BA for privatisation: the abandonment of 16 international routes, disposal of property and aircraft, and the reduction of staff from 50,000 in 1980 to 39,000 in 1986.

Unlike the cases of other French state-owned groups, the opposition of foreign rivals is a serious obstacle. Moreover Air France cannot rely on Commission goodwill linked to future privatisation plans – an argument which helped Groupe Bull. "The privatisation of Air France is not the order of the day," said Mr Bosson.

Despite these obstacles, industry observers believe the capital injection will be approved – albeit in scaled-down form, with conditions attached. Industry observers believe the Commission set an important precedent with its recent decision to attach conditions to approval of state aid to Aer Lingus, the Irish national carrier. "These could be built on with Air France," says one expert in Brussels.

A Commission decision is expected in the late summer. Approval of the Air France plan would be a victory for Mr Balladur, a triumph of political expediency; but it would not be proof that France always wins the day in Brussels, argues a senior Commission official. "France often receives less than first meets the eye," he says. Thus, in the Gatt trade talks, French demands for revision of the Blair House accord limiting farm export subsidies was largely cosmetic; in the ERM crisis last August, French requests for the D-Mark to leave the system were rejected, and the final solution of 15 per cent fluctuation bands with no more intervention obligations for the Bundesbank was a victory for Germany.

The French realise too late that what they regard as an obvious truth is not shared by anybody else, and so they find themselves in a minority, says the senior official.

Yet the French somehow always manage to extricate themselves from the hole which they have dug for themselves. By contrast, the British take an almost perverse delight in being isolated, as shown during the recent row over EU voting rights.

A British opponent of the Air France state aid request notes ruefully that the UK could learn some lessons from the French government in the Brussels power-game.

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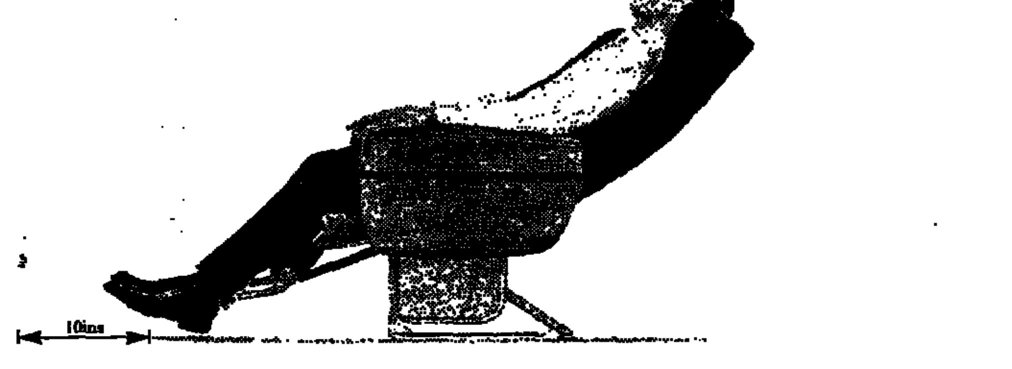

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PLO attacks on Arafat's tactics grow

By Julian Ozanne in Jerusalem

Powerful mainstream Palestinian opposition to the Israeli-Palestinian peace process gathered momentum yesterday as negotiators in Cairo tried to wrap up a long-delayed agreement on Palestinian self-rule in the occupied West Bank and Gaza Strip.

Criticism of the negotiating tactics of Mr Yassir Arafat, Palestine Liberation Organisation chairman, and Mr Nabil Shaath, chief PLO negotiator, from both inside and outside the organisation, forced angry delegates who feel undermined by the attacks to demand a statement of support from PLO headquarters in Tunis.

In occupied Arab East Jerusalem Mr Haidar Abdel-Shafi, the popular former Palestinian chief negotiator from Gaza, circulated a petition signed by 20 prominent Palestinians, protesting at PLO concessions.

He said an agreement which did not halt all Jewish settlement would lack legitimacy "and shall therefore not be binding on the Palestinian people, its institutions, public figures and political forces".

Mr Abdel-Shafi, regarded as an elder statesman by Palestinians, called on his people to support his position in a move which will clearly undermine the PLO further, hindering its efforts to win back its disintegrating support in the occupied territories.

Mr Abdel-Shafi's challenge came after leaders of Mr Arafat's mainstream Fatah faction attacked the PLO's negotiating tactics last weekend. The attacks, led by Mr Hani Hassan and Mr Abbas Zaki, hit at PLO concessions, "lack of consultation" by Mr Arafat, and the negotiation strategy of Mr Shaath. Fatah leaders attacked Mr Ahmed Qurie (Abu Ala'a), chief PLO economic negotiator, for having compromised in talks with Israel on Palestinian aspirations for an independent economy.

Many Palestinians have become increasingly concerned the PLO has given away too much in talks with a rigid Israel and left the Palestinians with a virtual "Bantustan".

Recently, Mrs Hanan Ashrawi, former Palestinian spokeswoman, urged Mr Arafat to suspend his participation in the talks or risk destroying what little legitimacy and credibility the PLO had left with Palestinians in the occupied territories. She said the PLO team had displayed "blatant lack of strategy and preparedness" and given up too much, particularly on the issue of Jewish settlements which she described as a "self-destruct mechanism".

Mr Shimon Peres, Israeli foreign minister, has recognised the grave dangers facing the process from Mr Arafat's declining support base. Mr Peres has warned the government he had found Mr Arafat troubled and suspicious during talks in Bucharest last week. He reportedly told the cabinet the agreement must be signed soon or "perhaps the whole thing won't come to pass".

At the heart of Palestinian criticism of Mr Arafat and Mr Shaath is the issue of how much sovereignty and authority the Palestinian self-government will exercise. Many Palestinians believed last September's peace accord offered them a total Israeli withdrawal from Gaza-Jericho and the basis for building an independent state. But Israel has refused to grant the PLO even symbols of sovereignty and left settlements in large areas of Gaza to be protected by Israeli troops.

The last issues to be resolved in Cairo are about sovereignty, whether the Palestinians will have their own stamps, passports, currency and trade regime; the extent of Palestinian legal jurisdiction over Israelis and foreigners in Gaza-Jericho, and how much control the Palestinian self-government will have over the Gaza Strip's coastline and airspace.

US bows to Jordan pressure on ships

By Roger Matthews in London and James Whittington in Amman

Mr Warren Christopher, US secretary of state, began the first stage of a week's trip to the Middle East yesterday by bowing to pressure from Jordan for a basic change in the way cargo ships arriving at the port of Aqaba are monitored.

The inspection of vessels is at present carried out at sea by Maritime Interception Forces (MIF), stationed in the Tirain Strait, as part of UN sanctions against Iraq. Jordan has claimed the delays caused by the inspections have damaged its economy, and King Hussein warned recently his government would not continue with the Middle East peace talks unless the procedures were altered.

Mr Christopher said yesterday after talks with King Hussein, who is recuperating from an ear operation near London, that this system would be replaced by a land-based operation, as demanded by Jordan. Land-based inspections would be performed by the independent Lloyd's Register of Shipping. US officials said the new regime would be as effective, if not more so, than the naval inspections.

Long delays at sea are caused by the inspections, while higher-than-normal insurance premiums and the risk of being turned away have caused operators to increase charges by $1,000 (£680) per 40ft container.

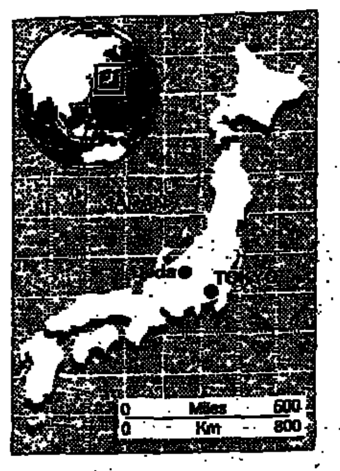
Mr Christopher and King Hussein also discussed efforts to push forward the Middle East peace process and particularly, negotiations between Syria and Israel which are due to resume next month.

Mr Christopher is due to visit Riyadh, Cairo, Damascus and Jerusalem. Israel's Prime Minister Yitzhak Rabin sought to ease the way for Mr Christopher last week by warning Jewish settlers they would probably have to leave the occupied Golan Heights as part of any lasting agreement with Syria.

Pride and disbelief in Ueda city

Hata's home town prays and parades for its famous son, writes Paul Abrahams

Prime Minister Hata acknowledges his election yesterday Reuter



The two warriors, one in scarlet the other in black, began the incantation. Kneeling with ankles splayed, the prayers were to summon a power from the universe capable of making one man overcome his fears and 1,000 men.

Yesterday's invocations were more than pertinent. They were uttered for Mr Tsutomu Hata outside his headquarters in his home base of Ueda, moments after he was elected Japan's prime minister.

Ueda, which lies at the foot of the Japanese Alps, yesterday prayed its local hero would be able to cope with the machinations of the capital's treacherous faction politics.

Mr Hata, elected nine times over 25 years, is hugely popular but some fear he is not tough enough.

"He may be just too generous and the danger is he just might not last that long," said Mrs Suigetsu Imai.

Ueda is anxious to bask in Mr Hata's glory for as long as possible. He is the most famous man to come from the city.

Not that he has much competition. Ueda, ignored by almost all travel guides, has only once previously troubled the footnotes of history.

During the sixteenth century one of its lords, Yukimura Sanada, twice beat forces of the celebrated Shogun, Tokugawa Ieyasu, before he was defeated and killed.

"This is the most important day in Ueda city's history," said Mr Hideji Ohara, director of planning at Organ Needles, a sewing machine manufacturer.

Mr Kenzo Hori, chairman of the chamber of industry and commerce, proclaimed: "We have not had a prime minister from Ueda city in 2,500 years, and we probably won't have another for another 2,500 years. Mr Hata's achievement is a once in 5,000 years triumph."

Ueda celebrated his triumph in style. The city hall organised the first lantern parade since the Sino-Japanese war of the 1930s. More than 5,000 red and white lanterns were distributed, to be carried along streets festooned with flags and posters of Mr Hata.

Bands played Sousa marches to compete with loud-speaker systems broadcasting Wagnerian fanfares. Overhead, fireworks lit the sky and below, on the streets, drums were beaten, free *sake* poured, and the crowd orchestrated into celebratory shouts of "banzai".

In spite of Ueda's pride at Mr Hata's achievement, there was also disbelief. Mr Takeshi Murata, a 59-year old shoe retailer, explained: "I was in the same grade as Hata at primary and secondary school, and right after the war as kids we used to fence together on the streets, pretending to be samurai. Never in the world would I have guessed he would become prime minister. He didn't even seem that talented." Many in the crowd were also concerned whether Mr Hata would be able to deal with the pressing problems of the day: tax reform, North Korea and the trade surplus with the US.

Mr Yoshiki Sunohara, a local cosmetics retailer, was convinced Mr Hata would surprise the Tokyo-based politicians. "He's a new kind of prime minister," he said. "Despite his appearance he's really stubborn and has a strong will and that's reflected in his politics. This aspect of his behaviour just hasn't been appreciated by the media in Tokyo."

Mr Hata's main strengths are his direct style and apparent honesty. Mr Kenichiro Hata, the prime minister's cousin and first secretary, explained: "During the 25 years Tsutomu has been in politics he's developed a style of explaining politics in terms that ordinary people can understand. He's been through hardship, failed exams and even been a bus conductor, so unlike his predecessor he can understand the concerns of the common people. With their support he can succeed."

Although local businessmen yesterday queued outside his headquarters to sign the congratulatory visitors' book and sip *sake* ladled from a specially cracked cask made of Japanese cypress, none admitted expecting special advantages following Mr Hata's election.

The huge kettles of tea, King Edward panatellas, and rice tainted pink by cherries, would last one day and then be gone, said one.

But in spite of his reputation, Mr Hata faces a difficult task persuading Japan that politicians can be honest. Even some locals remain unconvinced. Ms Sayuri Tobo, a secondary school student, said: "In general, politicians are not honest. And I think he is the same as the others. Something will be revealed about him one day."

Faced with a public disillusioned by politics and the convoluted challenges of Diet politics, Mr Hata can only benefit from further invocations to strengthen his resolve and overcome his fellow parliamentarians.

Japan speeds up in multimedia race

By Michiyo Nakamoto in Tokyo

The Japanese authorities and businesses are racing to catch up with US moves to introduce the benefits of digital television and multimedia to the public.

Following a flurry of announcements from the Ministry of Posts and Telecommunications on research programmes in digital and interactive TV and multimedia, a government advisory council yesterday called for the development of technology to connect ISDN, a digital telecommunications network being built by NTT, the telecommunications company, with cable television.

The increasing number of networks that were being built and which sought to offer both telecommunications and broadcasting services, made it vital that they were able to link up with each other, the ministry said.

The recommendation has been made in the expectation that television, including cable TV, and telecommunications will increasingly be based on digital technology, an MPT official said.

Separately, another advisory group is expected to outline details of Japan's digital broadcasting programme in its final report on the future of broadcasting in Japan. In a mid-term report released in December, the panel called for the adoption of digital technology. The final report is likely to present a clearer map of Japan's move towards digital broadcasting.

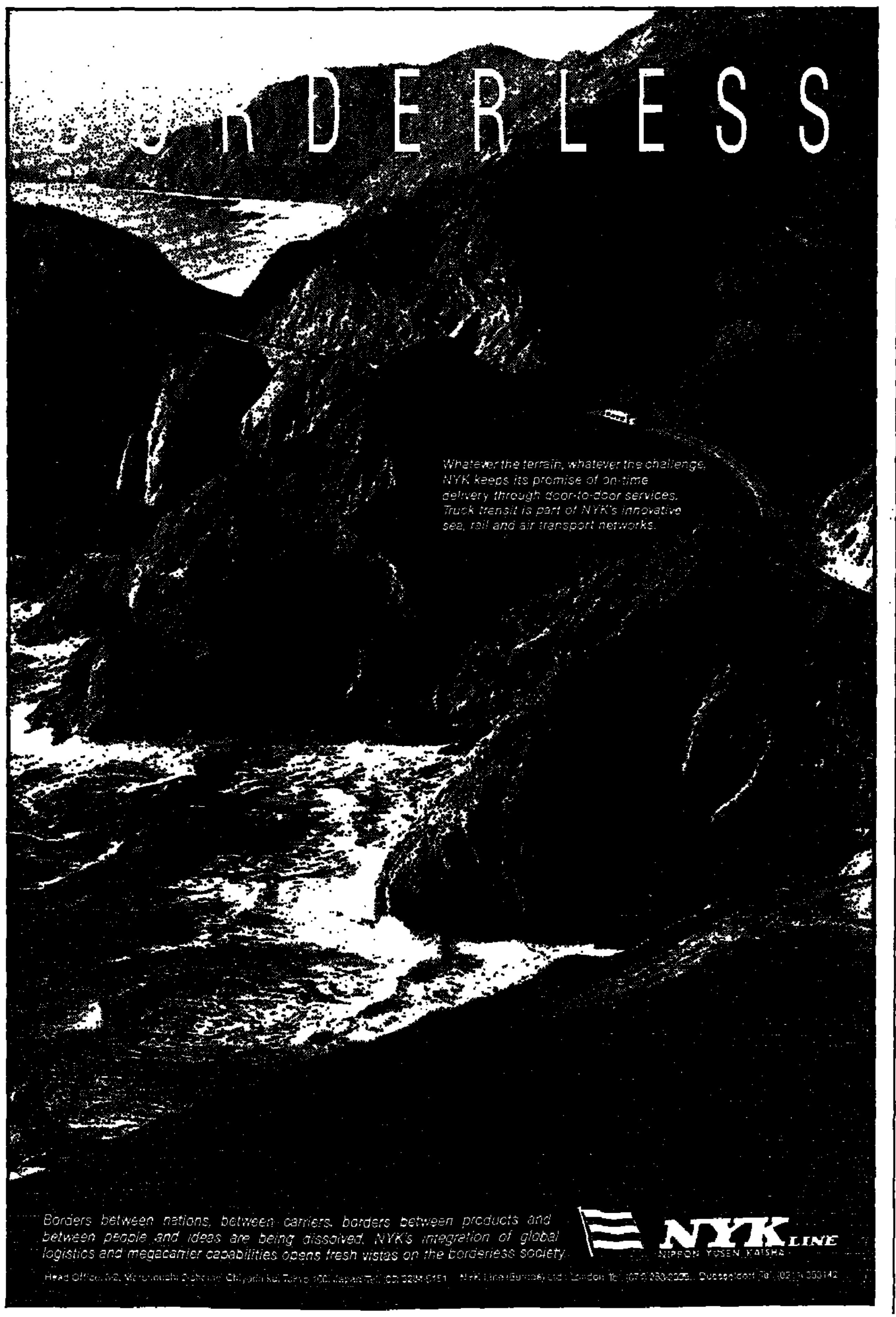
Japan has lagged behind the US in building a programme for an information super-highway.

The regulatory hurdles, the lack of a concerted effort to build such an information infrastructure and industry hesitation have all contributed to the delay. But the authorities appear to have found a new enthusiasm.

The Ministry of International Trade and Industry has been promoting its own multimedia programmes and the Construction Ministry plans to lay an optical fibre network under its roads at a cost of Y40,000bn (£263bn).

Meanwhile, as the authorities step up their efforts to stimulate further progress in advanced broadcasting and telecommunications, a private group is considering the use of digital satellite broadcasting to pump 50 channels into Japanese homes. Satellite TV has had a mixed history in Japan. Of three satellite channels, the two public broadcasting channels have had relative success, but a private channel has had difficulty attracting subscribers, largely as a result of the high price of signing up.

The trading companies Itochu, Mitsui, Nissho-Iwai and Sumitomo are considering offering a 50-channel satellite TV service using digital technology which could be extended to cover other Asian countries.



Retail sales fail to pick up as domestic car production hits new low

Recovery hopes dim in Tokyo

By William Dawkins in Tokyo

The fragility of Japan's hopes for a consumer-led recovery was underlined yesterday by the latest set of weak indicators from the retailing and car industries.

But the Bank of Japan is sticking to its prognosis, shared by many private-sector forecasters, that the worst is over in the nearly three-year economic downturn.

The economy has hit bottom, but still has to go through a "corrective period", Mr Toshihiko Fukui, an executive director of the central bank, said.

Domestic car production fell 12 per cent in the year to the end of March, the steepest annual decline since 1947, the Japan Automobile Manufacturers' Association said.

But the decrease seems to be slowing slightly, on the strength of a 9.4 per cent fall in output in March alone, compared with the same month last year. Department store sales showed a similar pattern, down 6 per cent in the year to the end of March; sales fell 4 per cent in March alone, the Japan Department Stores' Association said.

Separately, supermarket sales dropped by 1.7 per cent in March and in the year to the end of last month, the Japan Chain Stores Association reported.

The retail figures belie an increase in personal consumption in the second half of 1993, much of which went to discount stores, not counted in the official figures.

Consumer sentiment improved in the three months to March, to show a 5.6 per cent improvement on the previous quarter, according to the government's Economic Planning Agency.

Manufacturers of industrial machinery saw a glimmer in the economic gloom. The Japan Machinery Federation expects sales to fall 1.3 per cent in the year to next March, a far smaller decline than the 7 per cent recorded in each of the two previous years.

The federation predicts a 1.1 per cent rise in second-half orders.

Wage increases in main industries last year were the lowest on record, reflecting the protracted economic slump, the labour ministry said yesterday, Kyodo reports. The ministry, citing a survey on the basic wage structure, said monthly salaries last June averaged Y281,100 (£1,850), up 2.1 per cent over a year earlier. The growth rate was the lowest since the collecting of statistics began in 1976, the ministry said. It said the average monthly salary for males, aged 39.9 with 12.6 years' service, rose 2.0 per cent to Y319,900 while that for female workers, aged 36 with 7.3 years' service, grew 2.2 per cent to Y197,000.

Chinese leader seeks close links with Kazakhs

The Chinese prime minister, Mr Li Peng, arriving in Kazakhstan for an official visit as part of a five-nation tour, said yesterday that Beijing attached "great significance" to relations with the former Soviet republic, Reuter reports from Alma Ata.

Mr Nursultan Nazarbayev, president of the vast nation which has a nuclear capability and borders north-western China, met Mr Li by the steps of an Air China passenger jet.

Both leaders smiled, shook hands and reviewed a guard of honour.

A statement issued by Mr Li spoke of renewing historic links which were strong during the time of the Silk Road, a trading route from China to Europe which began to flourish more than 2,000 years ago.

"China attaches great significance to developing relations with Kazakhstan," he said in the written statement given to reporters at Alma-Ata's international airport.

The nations share a border of 1,700km (more than 1,000 miles) and bilateral trade has soared since the Soviet Union collapsed in 1991.

China is Kazakhstan's second biggest trading partner after Russia.

In 1992 bilateral trade totalled $433m (£297m) but declined to $205m in 1993, according to official Kazakh figures.

However, despite buoyant commercial ties, friction exists. Officially-sanctioned Kazakh groups protest at Chinese nuclear testing in Lop Nur, only a few hundred kilometres east of the Kazakh border.

Militant ethnic Uigurs, who are seeking independence for China's north-western territory of Xinjiang, are active in Kazakhstan. This situation has drawn private protest from Beijing to Alma-Ata, foreign diplomats said.

Li is nearing the end of China's first top-level tour of this newly independent region. He has been to Uzbekistan, Turkmenistan and Kyrgyzstan. After Kazakhstan, he will end his 12-day tour in Mongolia.

> Li Peng spoke of renewing the strong ties formed in the Silk Road era

COMPANHIA PARANAENSE DE ENERGIA COPEL

**USINA HIDRELÉTRICA SEGREDO
DERIVAÇÃO DO RIO JORDÃO
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CALL FOR BIDS**

COMPANHIA PARANAENSE DE ENERGIA – COPEL informs that the international bidding is open for design, supply, transportation, assembling and operation start-up of Rio Jordão Derivation *Turbine-Generator and Related Equipment*, located at Pinhão and Candói municipalities border, in the State of Paraná – Brazil.

The minimum price type international bidding is open exclusively for individual or consortium grouped companies established in IDB (International Development Bank) member countries. The financing of the items of the present bidding is in accordance with the terms of Loan Contract no. 593/OC/BR.

The bidding documents, as well as the Technical Specifications will be available to the candidates from April 22 on, against payment in cruzeiros reais equivalent to US$ 250,00, at the following addresses.

**Superintendência de Obras de Geração
Rua Voluntários da Pátria, 233 – sala 504
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At the time of purchase of the Bidding Instructions, the company shall present a letter containing its complete mailing address. The bid delivery will be on July 13, 1994, at 3:00 PM, at 233 Voluntários da Pátria Street, 5th floor, Curitiba – PR.

The Bidding will be ruled by: Law no. 8666, dated June 21, 1993; resolution set forth by State Decree no. 700, dated September 9, 1991; IBD bidding procedure and by further conditions herein stated and also in the Contract Documents.

مكتبة الاهرام

ARTS

Courbet's ecstatic woman, 'La Femme au perroquet': an ill-tempered exchange of a masterpiece, provoked by Manet's 'Olympia'

Impressionism: back to basics

At the Grand Palais, **William Packer** finds the 1859 Paris Salon artists committed to realism

The closer one looks into the *origins of anything* the more ambiguous they become, *and* the further back they go. Where should we look for the origins of Impressionism? To the landscape and genre realism of the Dutch 17th century? Certainly: and to the English 18th and early 19th centuries, Gainsborough and Wilson, Constable and Turner? Indeed: and to late Titian? Perhaps: and what about Rembrandt? Yes, if Courbet is to be considered in such a context. And the Spanish connection, from Velasquez to Goya? Of course, if Manet is to have anything to do with it.

But these are profound questions, that bespeak a whole ramification of art-historical possibility. Whatever its implications, the splendid exhibition at the Grand Palais addresses itself to a narrower period and more immediate antecedents. This *Origins of Impressionism* is an exhibition of French painting set in a French context, and one moreover that continues *ensemble* the remarkable series by which the *Réunion des musées nationaux*, these 15 years past, has been giving us definitive *retrospective* studies of the Impressionist and *post-Impressionist masters, one* by one.

The starting point is the Salon of 1859 at which, of the future major *figures, only the* young Pissarro was to be found. Ten years on and *they were all* showing there, *Monet* and Manet, Renoir and Degas, almost as a matter of course. The *Salon* indeed supplied the constant critical context for the art of the period. The only pity is that more has not been made of it as an actual presence: for the paintings taken to stand for it in 1859, which include Bouguereau, Puvis de Chavannes, Corot, Delacroix, a pre-Raphaelitesque Jules Breton and a magnificent large Daubigny riverscape, are done with perfunctorily in the first two rooms.

Even so, the point is well made and two *related myths usefully* exploded: that, though the *Salon may have had its good years and its* bad ("no explosion: nothing of unknown genius" grumbled Baudelaire of 1859), it was never entirely hostile to the young or controversial; and nor were the young themselves averse to taking their chances of selection. And how close these young painters were, in their several ways, to the more general preoccupations of the day; and, as yet, how far from Impressionism. Here we follow those interests through the 1860s, set out together in successive *galleries: history painting*, with its admixture of symbolism; realism; *the nude; the portrait; the still-life;* the landscape; the incidents of the everyday.

The borders between these categories, of course, are never sealed nor even clear, the cross-overs and mutual intrusions constant and instinctive. Degas gives us a scene of medieval atrocity as conscientious in its detail as any pre-Raphaelite, yet in the very pose of its nudes, it anticipates the figure studies of his later years. The Manet of "the *Angels at the tomb of Christ*" is as dramatic in its presentation as a *Caravaggio and, in the figure of* Christ himself, as confrontationally *realist in its nudity as his own* "Olympia".

This last, indeed, so provoked Courbet by her brazen, matter-of-fact nakedness, that he replied with his own more suitably symbolic version of the reclining and ecstatic woman, *la Femme au perroquet*. Manet replied in his turn with his own "Woman with a Parrot", though now a full-length portrait of a young woman in a long *white morning-gown, standing* by her pet's perch. All three are *shown, altogether a most satisfying* if ill-tempered exchange of *masterpieces.*

The question of realism lies at the heart of it all. Yet in what does that realism consist and to what degree should it be tempered? Is it the symbolic realism of Degas' Spartan boys and girls of 1860, or is it the no less symbolic but *plein air* realism of Bazille's young men at their bathing party of 1869? Is the truth of modern life rather the boats and light dancing on the water at *la Grenouillere*, of Renoir and Monet in 1869, or that of Degas' *darkly ambiguous interior, le Viol*, of the same year? At the end of the *decade we find Courbet* still committed to realism in its social aspect, with his poor village woman in the snow, with her child and goat and bundle of firewood. And there beside it is Monet's magpie sitting on the gate, and the image simply of farm and field and hedgerow in the snow, all pink and blue and violet shadow.

This is an exhibition full of wonderful, ravishing things. But set out as it is, and quite rightly so, neither by chronology nor by artist but in *thematic groups*, it raises a question it can hardly answer. Here was the modern painting of the day, and young artists who knew each other and even worked together, but were clearly doing different things. Realism and symbolism, yes: and the formal portrait and the nude, and the landscape and the genre scene: but Impressionism? Not quite yet: indeed, the more we look into it, the more we wonder whether there was ever to be any such thing at all.

Impressionnisme: les origines 1859-1869 - **Grand Palais, Paris 8me, until August 8, then to the *Metropolitan Museum of New York.***

Opera

Billy Budd in Geneva

It takes a woman to illuminate a man's world. That, at least, is the moral of Francesca Zambello's new staging of *Billy Budd* in Geneva. Aided by her designers Alison Chitty and *Heather Carson, Zambello strikes* to the heart of the all-male world in *Britten's naval opera.*

She treats it as a parable of human relationships – how men persecute and crush, inspire and *cherish one another*. The accent is on narrative simplicity, more tell*ing than any interpretative gim*mick. The suggestion of repressed *feeling or moral ambiguity is left to* Britten's music, which has all the *space it needs to sink in to the* audience's consciousness. The *result is mightily impressive*. On this evidence, *Budd* could indeed be Britten's greatest opera, musically more subtle than *Grimes*, bigger *and deeper than the* chamber operas.

Chitty's decor and costumes provide the bare essentials of the historical sea-setting. The action unfolds on a rectangular wooden platform, jutting diagonally towards the pit and bordered by blue neon light. It serves as a roomy quarter-deck, all hatches and coiled rope, before heaving up like a ship's prow at the start of Act two to reveal gunners preparing for battle. Quite apart from its startling portrait of above-and-below-decks, this scene is a *tour de force* of theatrical atmosphere, shrouded in blue-green light and mists of dry ice.

After a tepid start, Zambello unfolds the plot seamlessly, choreographing the chorus with sleight of hand and deftly picking out each minor character. To establish an early link between Billy and Vere, *the exuberant Billy appears on* deck during the big shanty interlude, *a vision in the philosopher*-captain's mind. And the epilogue is *all the more poignant for the sight* of Billy's body hanging in the background.

The conductor, Roderick Brydon, works in complete harmony with the stage. He emphasises fluency and simplicity of line, sails through the choral cross-currents with breezy buoyancy and gives his singers exemplary support. There is a tautness and unobtrusive musicality about the whole performance.

Robert Tear has developed into an ideal Vere. We see the solitary leader of men, the headmasterly senior officer, the contemplative *observer, the moral coward*, the wise old man. To his customary *vocal intelligence Tear adds a new* inwardness and gravitas. With *Zambello's help, he makes Vere the* presiding influence, as Britten intended.

Willard White's Claggart has massive stage presence and a potent way with the words. This is no pantomime villain, but an Iago-like impersonation of evil, all the more threatening for his restraint. Rodney Gilfry is the lean, lanky Billy, making up in musical taste for his lack of charisma. David Wilson-Johnson and Paul Whelan cut a strong profile as Redburn and Flint, while Frank Egerton, Grant Dickson, Doug Jones and Neil Jenkins contribute lively cameos below decks.

The Geneva audience gave *Billy Budd* an unusually warm reception. Continental managements have always been deterred by the need for such a large male cast – but recent stagings in France, Germany and now Switzerland suggest it is *finally winning the wider popular*ity it deserves. The quality of the Geneva cast spoke for itself, and Los Angeles will be the lucky *inheritor of the production in 1996.*

Andrew Clark

Spectral Acykbourn proves rather insubstantial

Martin Hoyle reviews 'Haunting Julia' at the Stephen Joseph Theatre, Scarborough

The joke shop boasts "Turds all sizes", its window full of the artefacts that are the British seaside equivalent of the corn-dollies and beads of less richly endowed cultures. A few doors up an Italian restaurant *advertises bologneseburgers* and funghiburgers. This is Scarborough, *Alan Ayckbourn country*; English eccentricity concealing the dark *side of social dysfunction*, the ordinary honed into cheerful surrealism, *normality distilled into* the painful pretences with which we cheerfully blunder through the non-communication of normal life.

Down on the *Front* a *comedian* called Mark Shakespeare is announced for April 23: a graceful tribute to the national poet's birthday from the world of stand-up or an amazing coincidence? Also advertised is a funny man called Kevin Bloody Wilson. Up at the Stephen Joseph Theatre in the Round we have Alan Noddy Ayckbourn. Noddy as in nodding; nodding as in Homer. For those of us who revere this bleakly funny playwright, his latest work, *Haunting Julia*, marks a sad falling-off.

There have been intimations of the supernatural in Ayckbourn's work before, usually in the materialisation of evil (that red-lit *presence in Woman in Mind*, for instance); an uncompromising *acknowledgement of eternally* sullied human nature and our *adversary the devil that walketh* about as a roaring lion seeking whom he *may devour, even in* privet-hedged suburbia. But the *latest play, a shortish three-hander*, no-interval, is an unequivocal ghost story.

Joe, a doting father has bought the student digs where his brilliant composer daughter Julia killed herself at the age of 19. Twelve years later he has made the premises into a centre devoted to her memory. At its heart is the bedsit where she lived and died, roped off like the salon in a stately home, complete with audio guide on which an actress's voice speaks Julia's words in the first person.

This takes a certain amount of swallowing to begin with, as does the fame of the premature late genius *herself. The recent BBC Young* Musician of the Year competition *prompted* interesting reminders of the strain put on young artists, the *burn-out or depression that can* result from premature pressures; *but it seems unlikely that a* composer, as opposed to a performer, would enjoy popular media adulation as "Little Miss Mozart" in childhood. Not even Britten. Not even Andrew Lloyd Webber.

Julia's student boyfriend is now married (his brusque wife, never seen but brilliantly delineated with a few spare brush-strokes of comment, shows Ayckbourn's gift for characterisation at its oblique best). He has been invited round by the obsessed father for some mysterious purpose that becomes chillingly clear when they are joined by a psychic. This is Ken, a *chirpy little Ayckbournian* of the sort that can reveal hidden depths, but whose initial appearance ("a bit of a dead-end job," he guffaws of his *job as a mortuary attendant)* promises little.

Attempts to communicate with the dead girl are attended by inexplicable happenings: the mysterious cold within the roped-off area of her room, dimming lights, music coming from a bricked-up door, a strange voice on the audio-tape. The portrait emerges of a child at cross-purposes with fond but inadequate parents, especially with her overpoweringly possessive father. Joe has the makings of an Ayckbourn bully: his casual description of haranguing his wife who "just sat quietly and let it flow over her" evokes many such marriages in this writer's work.

Ultimately it is all – notably the revelations from Ken – too improbable. *Ghost stories should at* least *suspend* disbelief while you watch them; this one nags you with its inconsistencies. In the *author's own production, the climax* is intriguing rather than frightening, reminding me of the much anthologised W.W. Jacobs story *The Monkey's Paw*, where the wished-for return from the grave of a loved child is averted just in time to avoid the horror of seeing what he has become.

Adrian McLoughlin's Ken provides the dominating performance, the weed with more to him than at first suspected. As the desperately questing Joe, Ian Hogg does not quite reconcile the prosaic with the obsessional, let alone clarify Joe's motives, and Damien Goodwin as the boyfriend is over-emphatic with the slightly uncomprehending vehemence associated with Radio 4 drama. Come to think of it, that would perhaps be the best place for this disappointingly insubstantial essay *into the spectral.*

INTERNATIONAL ARTS GUIDE

■ BARCELONA

Palau de la Musica Sat evening, Sun morning: Gary Bertini conducts Barcelona City Orchestra in symphonies by Mozart and Mahler (268 1000)

■ BERGAMO

The annual festival at Bergamo and Brescia opens tomorrow at Bergamo's **Teatro Donizetti** with a performance of Bach's Matthew Passion by Drottningholm Baroque Ensemble conducted by Eric Ericson. The festival runs till June 11, with instrumental soloists including Uto Ughi, Natalia Gutman, Stanislav Bunin, Ivo Pogorelich and Ton Koopman (Bergamo: 035-249631. Brescia: 030-375 7974)

■ BOLOGNA

Teatro Communale A new *production of* Verdi's I Lombardi, starring Ruggero Raimondi and *Norma Fantini, can* be seen tonight, tomorrow and Sat. Mischa Maisky *is cello soloist with Prague Chamber* Orchestra on Mon (051-529999)

■ FLORENCE

Maggio Musicale Mikhail Baryshnikov's White Oak Dance Project gives a guest performance tonight in the **Teatro Communale**. Zubin Mehta conducts concert performances of Schoenberg's Moses und Aron tomorrow and Bartok's Duke Bluebeard's Castle next Wed and Thurs. The programme also features a Bob Wilson spectacle inspired by Noh theatre, Luc Bondy's Salzburg production of Salome, recitals by Samuel Ramey and the Chung Trio, and concerts by the Dresden Staatskapelle, Oslo Philharmonic and Pittsburgh Symphony Orchestras. The festival runs till July 1 (055-277 9236)

■ LONDON

THEATRE

● Love's *Labour Lost*: a transfer of Ian Judge's RSC production from Stratford, where it was enthusiastically received last year for its high-energy comedy. *Starts* previewing tonight, Press night next *Tues* (Barbican 071-638 8891)

● Elgar's Rondo: Alex McCowen *in Di Trevis' RSC production of* David Pownall's funny and moving *play about the great Edwardian* composer. Just opened (The Pit *071-638 8891)*

● Les Parents Terribles: Sean Mathias directs a new production of Jean Cocteau's greatest stage success. In repertory in the Lyttelton with Sam Mendes' production of Harold Pinter's The Birthday Party. Next Thurs in **Cottesloe**: first of 18 performances *of Peter Brook's The Man Who* (National 071-928 2252)

● *The Weekend: first stage play* by ex-Monty Python comedian *Michael Palin, about the chaotic* events after the arrival of unwanted guests at a family home. Cast includes Angela Thorne and Richard Wilson, *directed by Robin Lefevre.* Now previewing, opens next Tues *(Strand 071-930 8800)*

● A Month in the Country: Helen *Mirren and John Hurt in Turgenev's* languid portrait of romantic evasions *(Albery 071-867 1115)*

● Travesties: Antony Sher heads the cast *in Adrian Noble's RSC* production of Tom Stoppard's 1974 play (Savoy 071-836 8888)

● Hamlet: Rory Edwards is the *Danish prince in Julia Bardsley's* Fellini-style production (Young Vic *071-928 6363)*

● The Rivals: Sheridan's comedy *of manners opens this year's* programme at **Chichester Festival** *Theatre, first night tomorrow.* Richard Cottrell directs a cast *headed by Patricia Routledge* (0243-781312)

OPERA/DANCE

Covent Garden The Royal Opera *has a final performance tonight of* Harrison Birtwistle's Gawain, with *John Tomlinson and François Le* Roux, plus revivals of Carmen with *Elena Zaremba, Marie McLaughlin* and Richard Margison (till May 20) *and Le nozze di Figaro with Bryn* Terfel, Jeffrey Black and Sylvia *McNair (till May 25). The next new* production is Giordano's Fedora, opening on May 13 with Mirella Freni and José Carreras (071-240 1066)

Coliseum ENO has Philip Prowse's staging of Bizet's *Pearl Fishers (final performance tonight), Yevgeny* Onegin with Peter Coleman-Wright *and Cathryn Pope (till May 6) and* Judith Weir's new opera Blond *Eckbert (071-836 3161)*

Queen Elizabeth Hall David *Freeman's Opera Factory is in* residence for the next two weeks with *The Rake's Progress (071-928* 8800)

CONCERTS

South Bank Centre Tonight: *Jun'ichi Hirokami conducts RPO* in works by Sibelius, Bruch and *Rakhmaninov, with violin soloist* Boris Belkin. Tomorrow: Luciano *Berio conducts world premiere of* his latest work, to be performed by primary school children, the *Hallé* Orchestra and a clown. Next Tues, *Thurs: Georg Solti conducts concert* performances of Cosi fan tutte, with *cast headed by Anne Sofie von* Otter and Olaf Bär. Wed: Franz *Welser-Möst conducts LPO and* New Swingle Singers in Strauss, *Debussy, Ravel and Berio (071-928* 8800)

Barbican Tonight: David Josefowitz conducts London Soloists Chamber *Orchestra and Pro Musica Chorus* in works by Mozart and Beethoven. *Sat: Carlo Rizzi conducts RPO in* symphonies by Haydn and Mahler. *Sun afternoon: James Galway* recital. Mon: The Dubliners. Wed: *Rizzi conducts RPO and Brighton* Festival Chorus in Rossini's Stabat *Mater (071-638 8891)*

■ MADRID

Teatro Lirico La Zarzuela *Tonight:* final performance of Un ballo in maschera with Luis Lima, Juan Pons and Anna Tomowa-Sintow. Mon: Raina Kabaivanska song recital (01-429 8225)

Auditorio Nacional de Musica *Tonight: Octav Calleya conducts* Malaga Chamber Orchestra in works *by Mozart, Schubert, Haydn and* Roussel. Tues: Lithuanian Chamber *Orchestra plays Mozart and* Tchaikovsky (01-337 0100)

■ MILAN

Teatro alla Scala Tonight: Kenneth *MacMillan's ballet Manon. Mon:* Kurt Masur conducts Leipzig *Gewandhaus Orchestra. May 9:* Garrick Ohlsson piano recital. May *14: first night of new production* of Rigoletto (02-7200 3744)

■ PALERMO

Teatro Massimo Tonight, Sat, next *Tues (also May 5-8 and 10-12): La* traviata with casts including Giusy *Devinu, Salvatore Fisichella and* Paolo Coni (091-6053 315)

■ PRAGUE

Christopher Seaman conducts *Czech Philharmonic Orchestra* tonight and tomorrow at **Dvorak Hall** *in works by Vaughan Williams,* Britten and Elgar, with tenor Barry *Banks and horn soloist Jindrich* Petras. On Sat, Michael Gielen *conducts South West German Radio* Orchestra in symphonies by Mozart *and Bruckner (02-2489 3352)*

This year's Prague Spring Festival *runs from May 12 to June 2. The* opening performances of Smetana's *Ma Vlast are given by the Prague* Symphony Orchestra conducted by Neeme Järvi. Guest ensembles include City of Birmingham Symphony Orchestra with Simon *Rattle, Orchestre National de France* with Charles Dutoit and BBC *Philharmonic Orchestra under Yan* Pascal Tortelier and Charles *Mackerras. Recitalists include Agnes* Baltsa, John Williams and Josef *Suk (Prague Spring Festival,* Hellichova 18, 11800 Prague 1. Tel *02-530293 Fax 02-536040)*

■ ROME

***Teatro Olimpico** Tonight: Schubert* evening with soprano Elizabeth *Norberg-Schulz and others (06-320* 1752)

***Teatro Valle** Tomorrow: Sandor* Vegh conducts Salzburg Camerata *Academica. Sat, Mon and Tues:* Charles Mackerras conducts *Orchestra dell'Accademia di Santa* Cecilia in Handel's Israel in Egypt, *with vocal soloists including Lynne* Dawson and Laurence Dale. Sun: *Kurt Masur conducts Leipzig* Gewandhaus Orchestra. May 6: *Radu Lupu. May 13: Maurizio Pollini.* May 20: Andras Schiff (06-678 0742/ 06-6880 3794)

■ TURIN

Teatro Regio Tonight, Sat, *next* Tues, Wed, Fri, Sat, Sun: Daniel *Oren conducts Julia Taymor's* production of Die Zauberflöte, with *casts including Hans Tschammer,* Patrizia Pace and Daniela Lojarro (011-881 5214)

■ VENICE

Teatro La Fenice Sat, *next Tues* and Sat: Tristan und Isolde with Siegfried *Jerusalem* and *Gabriele* Schnaut (041-521 0161)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

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NBC/Super Channel: FT Reports 1230.

TUESDAY
Euronews: FT Reports 0745, 1315, 1545, 1815, 2345

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Sky News: FT Reports 0230, 2030

SUNDAY
NBC/Super Channel: FT Reports 2230
Sky News: FT Reports 0430, 1730;

Breakthrough on home front

The UK mortgage market is at a turning point, says Alison Smith

Phillipa Harris is looking forward to moving into her first home – a two-bedroom terraced house in Banbury, Oxfordshire – this weekend. After studying mortgage offers from several lenders, she is taking out one with Coventry building society – fixed for two years at 4.99 per cent in a special deal for first-time buyers.

But the "cashback" offer which attracted her to the Coventry – a £250 refund if she took out a house insurance policy through the society – had been withdrawn by the time she applied. Subsequently, the Coventry also stopped offering the fixed rate mortgage deal she agreed.

Her experience highlights the current confusion in the UK mortgage market. Last week, mortgage-holders with the Cheltenham & Gloucester building society were told that they would receive an unexpected £500 windfall – their share in the £1.8bn which Lloyds bank announced it was prepared to pay to acquire the society. But even before the bid, the market's apparent unpredictability had been illustrated by a flurry of mortgage packages being launched and then quickly withdrawn as lenders tested various products to attract customers.

Beneath this activity, however, there are signs that the market may be at a turning point. First, "mortgage wars" between different lenders are heating up and are likely to become fiercer. Lloyds' offer for C&G is intended to make the high street bank a significant force in the mortgage market. Mr Brian Pitman, Lloyds' chief executive, forecast that the deal would intensify competition further, and would tilt the "competitive equilibrium" Lloyds' way.

Until the Lloyds' move the battle this year had appeared to be going the societies' way. Figures published on Friday showed societies were regaining some of the market share of new lending lost to the clearing banks last year.

In part that reflected a cautious approach by building societies in 1993, when the mortgage market was generally flat. Even the Halifax building society, which has substantial financial muscle, settled for just a small increase over its 1992 market share. Many smaller societies had a net mortgage repayment as they concentrated on strengthening their balance sheets.

This gave banks an opportunity to snatch market share. Even before the Lloyds/C&G deal, clearing banks were expressing determination not to lose now the ground they gained. Some centralised lenders – which are neither banks or building societies – such as the Mortgage Corporation, are also back with a vengeance after a period of not going after new business.

Mr John Garfield, managing director of John Charcol, the financial adviser which specialises in mortgages, believes the Lloyds/C&G deal, by highlighting the profitability of mortgage lending, will make other banks more aggressive in the market. "The banks will be looking hard at the market. We will see the clearing banks in there as a very, very large presence now," he said.

The fiercer competition is also apparent from the range of offers for new mortgage customers launched in the past couple of months: Nationwide building society is offering the chance to win an exotic holiday with some mortgages; the Alliance & Leicester last week launched a new offer giving some borrowers up to £700 towards the costs of moving.

The second factor suggesting that the mortgage market may be at a turning point is the revival in interest among potential borrowers. Bank of England figures to be published next week are expected to show the value and number of mortgage loans approved in the first three months of this year were substantially higher than a year before. Separately, figures for loans approved by building societies in March showed the amounts approved rising sharply for the second month running to reach, at £3.7bn, their highest level since October 1991.

The revival in activity is also evident in house prices. Earlier this month, the Halifax building society's house price survey showed prices firming across all the UK regions. There is also anecdotal evidence of pent-up demand, held back by a dearth of properties that potential purchasers want to buy.

Consumers are likely to benefit from the more vigorous contest for their custom. But it is clear that mortgage lenders are not prepared to sacrifice profit simply to gain market share. Though fixed rate loans have become increasingly popular, lenders have not been slow in recent weeks to withdraw some of the lowest rates and replace them with higher rates that reflect the increased cost of borrowing on wholesale money markets. Nor is it a coincidence that special offers have focused on variable rate mortgages, where lenders' margins tend to be wider.

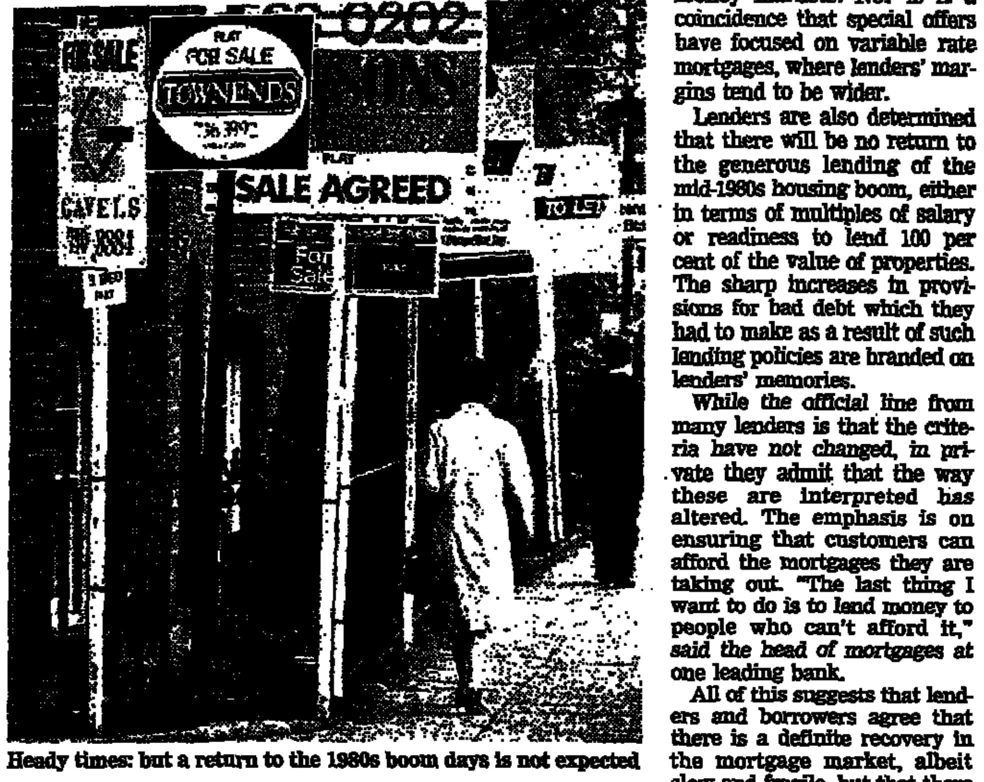
Lenders are also determined that there will be no return to the generous lending of the mid-1980s housing boom, either in terms of multiples of salary or readiness to lend 100 per cent of the value of properties. The sharp increases in provisions for bad debt which they had to make as a result of such lending policies are branded on lenders' memories.

While the official line from many lenders is that the criteria have not changed, in private they admit that the way these are interpreted has altered. The emphasis is on ensuring that customers can afford the mortgages they are taking out. "The last thing I want to do is to lend money to people who can't afford it," said the head of mortgages at one leading bank.

All of this suggests that lenders and borrowers agree that there is a definite recovery in the mortgage market, albeit slow and fragile, but that there will not be a return to the rapid house price rises of the mid- to late 1980s.

One stabilising influence comes from the would-be house sellers who are holding on to properties in the hope of getting a higher price when the market has picked up some more. Mr Michael Pattison, chief executive of the Royal Institute of Chartered Surveyors, said: "Purchasers remain hard-headed about price, frustrating the hopes of vendors who, although keen to sell, wait for significant rises in values."

Certainly those going into home-buying believe that the boom and bust in house prices during the 1980s will not recur. "I think I'm buying at the right time," said Ms Harris. "I'm pleased I waited and I'm pleased with my mortgage deal." Lenders will hope there will be enough people like Ms Harris to justify their renewed interest in the mortgage market – and put the industry back on a clearly upward growth path.



Heady times: but a return to the 1980s boom days is not expected

Joe Rogaly

For now, I say rejoice

If there is ever a time to be starry-eyed, this is it. The world is witnessing one of the most remarkable elections in history. The decent response, surely, is to rejoice. Yes, I know about the bombings. They are dreadful. There will probably be more of them. It may be that they are an inevitable part of the process. We must weep for the victims. The perpetrators must be hunted down. Yet these vile acts are not the whole story. They do not cancel out the remarkable transformation that begins today, namely the voluntary transfer of power from Afrikaner to African. They disfigure, but do not obscure, the light over the southern sky. Cynicism may be one of my stocks-in-trade, but not this morning. This is an hour in which to celebrate, to sing *Nkosi sikelel' iAfrika* – God Bless Africa.

Such inspiring moments are, heaven knows, rare enough. South Africa needs all the blessings, from the highest sources, that prayer can send its way. The gloomy news from the dark continent is drearily familiar. Governance of the new sub-Saharan states by their inhabitants has not brought the jobs, houses and general prosperity that was promised when the colonial powers withdrew. Everyone in South Africa knows this, and many fear that there, too, majority rule may fail. Perhaps it will. It would, however, be uncharitable to condemn the new administration before it has even begun. We should, at least for a few minutes, set aside such pessimism.

Meanwhile, keep your fingers crossed. The outside world has a continuing interest in ensuring South Africa is stable. Tribal warfare remains a global phenomenon. What is happening in the republic's polling booths is therefore a prelude to an unprecedented experiment in tribal peacemaking. A polity whose foundations rested on fantastic theories of ethnic exclusion has, under pressure, dissolved itself. It is to be replaced by a non-racial "new South Africa", whose interim constitution is designed to ensure power is shared between the leading parties and, by extension, between black, white, Asian and mixed-race clans.

Even the white right, an irreconcilable section of which may be responsible for the bomb blasts that began on Sunday, has been offered talks about an unspecified form of Afrikaner self-determination. Perhaps rapprochement between the mainly Xhosa-led ANC and the Zulu-led Inkatha, will be harder to arrange, but the stated intention is that past transgressions shall be forgiven, that a fresh start be made.

> **In a sane world, the idealism expressed by Mandela and De Klerk would be read with envy in Belgrade and Belfast**

Should we take these tortuously-negotiated protestations of virtue at face value? In a sane world the lofty idealism expressed by Mr Nelson Mandela and Mr F W de Klerk would be read with envy in Belgrade and Belfast, and all stations between. If that pair of unlikely bedfellows does not understand the dangers of ethnic strife, nobody does. Mr de Klerk, the outgoing president of South Africa, was among many who tried to keep the peace by separation and domination. That failed. Mr Mandela, his putative successor, knows the horror of attempted ethnic cleansing in his country. The wars in Natal between Zulu and Zulu have at times been echoed by inter-tribal skirmishes in other provinces. Yet for all its flaws, the African National Congress has always preached non-racialism and tolerance. Mr Mandela's political life is being crowned by the inclusiveness with which he is attempting to embrace his people.

That he may now be given the opportunity to put such principles into practice is a 20th century marvel, equivalent to the collapse of communism. To appreciate this, you have to remember the ethnic gradations formerly instilled in the consciousness of most young South African "Europeans". All whites, however ignorant, were at the top of a clear hierarchy. The mixed-race or "coloured" community came next. They were followed by the Indians, who had arrived to work Natal's sugar plantations. The Africans came last. In 1948, when the Afrikaners won the election that kept them in government until yesterday, even liberal South Africans would argue solemnly about how many generations it would take to raise the lowest of these layers to the level of the highest. In liberal theory, the franchise would be offered to those who owned property, or had matriculated. Many proponents of apartheid believed that equality was biologically impossible.

As a young reporter in Johannesburg I received calls from Mr Mandela, for example to plant the story that the buses to Alexandra township were to be boycotted or, later, to call the boycott's end. The supposedly illiterate township people received the first message, and walked. When the ANC declared victory over the bus company, they rode. Yet we had no non-white journalists on the paper. Bars were for white men only. We drank brandy and coke and talked of what we knew, of Afrikaner police who shot Africans for the sport of it. Even on the liberal Rand Daily Mail it was initially a revolutionary act to refer to blacks as "Africans", rather than "natives", or "Bantu", or worse. Today everyone is a "South African".

This simple fact should outweigh immediate forebodings of what might go wrong. Plenty will. The authoritarian instincts of certain ANC politicians are evident. To assume the new government will behave with democratic propriety would be worse than starry-eyed; it would be soppy. No one with common sense believes the living standards of most Africans can quickly be raised. The personal ambitions of several potential successors to Mr Mandela as the organisation's leader are as those of politicians everywhere. The outstanding virtue of the new South Africa, its renunciation of ethnicity, cannot be guaranteed.

Yet the pursuit of ethnic harmony is an urgent task for the coming century. The most obvious, burning, example is in eastern Europe, with Russia itself a close second. Across the continent, there is a smell of resurgent fascism. The US, in which discrimination is unconstitutional, still suffers the effect of slavery on black attitudes to the family. In Africa the awful slaughter in Rwanda is openly tribal. The government being elected in South Africa this week may disappoint its people, but it will do a service to the world if it demonstrates peaceful management of a heterogeneous society is possible.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Options that can inspire failure

From Mr John Murray.

Sir, We would go further than Mr Nigel Dyckhoff (Letters, April 21) in condemning stock options as passé. It is demonstrable from our surveys that they have been a far from constructive force. We see a clear tendency for shareholder value to be enhanced when executives own shares which they have purchased. Stock options, on the other hand, with their inbuilt "can't lose" characteristic, can be argued to have inspired a number of unsuccessful acquisitions in the 1980s. Options have led to a relatively painless consequence for executives whose strategic gambles have failed, but a severe one for shareholders. In fact, to rub salt into shareholders' wounds, failure has frequently been handsomely rewarded.

Perhaps we need to see a higher number of chief executives with a higher equity/salary ratio, so that they are gambling to a greater degree with their own money. It is rare to see a successful private business diversifying and that is perhaps a pointer for public company directors.

The route ahead is restricted stock, purchased from earned bonuses or through loans as Mr Dyckhoff suggests. Gifted stock and large cash bonuses tend to encourage the "take the money and run" mentality which the public, press and institutional investors are finding increasingly objectionable.

John Murray,
director UK resourcing,
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123 Buckingham Palace Road,
London SW1W 9SR

Up in smoke

From Dr Manfred Koerner.

Sir, I refer to your article, "Showdown in the last gasp saloon" (April 21). Take a lot of American puritanism, mix it with the typical shoot-it-out mentality of the early days, add some spices of misleading and biased science plus a spoonful of I-know-what's-good-for-you-nannyism. Stir it well. Again, add a good portion of bureaucratic frustration of the US health administration about the lost war on drugs and out comes the anti-smoking frenzy of the modern US. The "land of the free" is a bygone reflection of better times – when a good smoke was regarded as enjoyable.

I hope Europeans will not engage in every American hype.

Manfred Koerner,
Gazellenkamp 40,
22 529 Hamburg, Germany

Among the elite in the history of culinary altercations

From The Rev Father Francis A C S Bown.

Sir, If it is true, as Michael Thompson-Noel reports ("A chef out of his kitchen", April 23/24), that the famous chef Marco Pierre White, in the whole of his career, has expelled only two customers, I have a greater claim to fame than I thought. For history's sake, therefore, the following should be recorded.

Dining at Mr White's former restaurant, Harveys, a couple of years ago with a friend I committed a heinous crime after the main course. With my pen I corrected the schoolboy howlers in the French of the pudding menu.

The maitre d' soon appeared and told us that the "chef-proprietor" wished to speak to me outside. I replied that if he wished to talk to me perhaps he could come to the table. A few moments later Mr White did just that.

The exchange went as follows:

"Do you have a problem ?"

"No."

"Well, **** off."

The "chef-proprietor" then retired and waiters began to clear the table, informing us that we must leave. And so we did, out into a dark Wandsworth night.

Thus are history and reputations made.

Francis Bown,
Westbourne Avenue,
Kingston-upon-Hull,
Yorkshire

The best way forward for life insurance accounting

From Mr R W Whewell.

Sir, Chris O'Brien's article on true and fair accounting for life insurance companies (Accountancy column, April 7), in which he seeks to promote the earned profits method, may give rise to some misconceptions among your readers. He accepts the role for embedded value as a good indicator of a company's progress in improving profits and this should not be underestimated. The method is used in the majority of life offices for measuring performance for management purposes and is almost universally used as a basis for valuing existing policies when a company is sold.

The first point which may not be fully appreciated by many of your readers is that the embedded value method has gained much acceptance in published accounts particularly among bancassurers; for example, it is used for reporting profits of the life insurance subsidiaries in the group accounts of Abbey National, Barclays, Lloyds, Midland, NatWest and TSB, giving much more meaningful information than traditional solvency-based accounting. Other companies, such as Prudential and BAT, have published information at group level computed under the "accruals method", a different but not wholly dissimilar method, in order to give more realistic information on their performance.

The second possible misconception arises from the statement that embedded values (or, indeed, the accruals method) include profit from future performance. Current period profits do reflect an estimation of future cash flows but this is no different from many accounting principles applicable to the generality of companies.

Finally, the Association of British Insurers is developing accounting recommendations which will enable life insurers to satisfy the new true and fair requirements.

In my opinion, this can easily be achieved by removing the main distortions from the traditional solvency-based method, by requiring the deferral and amortisation of new business costs and by the release of undisclosed reserves. While this, the modified statutory method, should satisfy the majority, if not all, of life offices for the purposes of their own accounts, the ABI's recommendations should not preclude the provision of information on alternative bases at holding company level. This appears to me to be an eminently sensible way forward but what is needed is a consensus on the alternative to the modified statutory method.

While Chris O'Brien's earned profit method is an interesting approach, I consider that, given the stage which has been reached in the debate, the appropriate alternative method is a combination of the embedded value and accruals methods.

Roger Whewell,
senior insurance partner,
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Define the boundaries of quality

From Dr Rowan Astbury.

Sir, The college lecturer who has been drowning in paper work (Letters, April 23/24) is not alone. More and more public sector and charitable organisations are under pressure to introduce quality assurance systems. Paperwork overload reduces the effectiveness of any organisation, and is potentially disastrous for smaller charities.

But the truth is that paperwork overload is mostly avoidable. It is the organisation itself which decides the content of its quality system – BS 5750 sets only the framework. Any organisation contemplating introducing a quality assurance system should get advice right at the start from an adviser who thoroughly understands the sort of service the organisation gives. The first discussion should be about what kind of quality assurance system is relevant. If the chosen system is to be BS 5750, then the adviser should ensure that the organisation retains control of its system, and puts in only what helps staff work more effectively for the users of their services, and supports the professional commitment of staff.

Rowan Astbury,
Charities Evaluation Services,
No 1 Motley Avenue,
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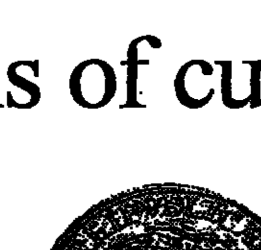
No damage to competition

From Dr Bryn Jones.

Sir, The Engineering Employers Federation and the European employers body, UNICE, are reported ("EU works council costs put at £1m", April 22) as opposing the EU proposals for company consultative bodies on the grounds of cost and delays of decision-making. European firms ought to consider whether the slower, more consultative decision-making reported of Japanese business has undermined its competitiveness. A quick calculation also suggests that the £1m cost of meetings forecast by the EEF, for the 30 most affected British companies, averages £33,000 per firm, roughly the cost of one executive's company car. If the profitability of British multinational firms hinges on these kinds of sums, then they surely need more monitoring of their decisions.

Bryn Jones,
School of Social Sciences,
University of Bath,
Claverton Down,
Bath BA2 7AY

The key to one of the most rewarding forms of currency.



The key and the gold coin symbolize the combination of stability and sound advice offered by the key Swiss bank.

For thousands of years, people have valued gold for its stability. The first coins, struck in the 7th century BC, were gold coins. Since that time people have coveted them not only for their purchasing power, but also for their aesthetic and historical value. Coin collecting in particular, now a choice hobby, has become extremely multifaceted. The Numismatic Group of Swiss Bank Corporation is one of the leading authorities in this field. If you are taking up this fascinating hobby for the first time, or are an experienced collector in search of rare numismatic items, our specialists will gladly advise and assist you in the realization of your goals. The trust that customers place in our handling of all asset-related matters is firmly founded in our many years' experience and the personalized and exclusive service that forms the cornerstone of our customer relationship. Give us a call and consult our specialists. In Basel: 41 61 288 28 50, Zurich: 41 1 237 33 28, Frankfurt: 49 69 28 77 77, London: 44 71 711 4801, New York: 1 212 574 3744, Paris: 33 1 42 96 51 74. Or write the word "Numismatics" on your business card and send it to: Swiss Bank Corporation, Numismatics, P. O. Box, CH-4002 Basel, Switzerland, and we would be pleased to get in touch with you.

Swiss Bank Corporation
The key Swiss bank

FINANCIAL TIMES
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Tuesday April 26 1994

Bloodspilling at the banks

When the problems of large banks in Germany, Spain and France make headlines near the end of a severe recession, that should not come as much of a surprise. Deutsche Bank, Banesto and Crédit Lyonnais have run into varying degrees of adversity as a result of under-performing corporate loans and equity investments. One lesson from three disparate setbacks is that bankers should not underestimate the potential conflicts when they are both shareholders and creditors of companies in difficulties. UK clearing banks have done themselves a favour by resisting sporadic political pressure over the years to take equity stakes in industry.

German banks' long-term customer relationships are justifiably regarded as a strength of the German system. However, the banks started some time ago to lower their industrial participations, not least because of the growing belief that over-cloying relationships with industry can harm economic performance. If conditions allow, most of the continent's universal banks would like to become a lot less universal by the end of the 1990s.

Deutsche Bank's difficulties are very much less serious than those affecting the other two banks, which have registered large losses. But the mistakes revealed both in the Metallgesellschaft affair last year and in the latest imbroglio over loans to the collapsed Schneider property empire cannot fail to have an impact on the standing of Germany's biggest bank.

The French National Assembly will discuss this week setting up an inquiry into state-owned Crédit Lyonnais. Mr Jean-Yves Haberer, the former chairman, is suspected of channelling funds towards companies favoured by the Socialist party. Crédit Lyonnais' economic failure may, however, have a favourable outcome. It will take time before anyone in Paris will want to emulate Mr Haberer's failed *banque-industrie* strategy of building up holdings in a mixed group of companies.

Banesto, Spain's fourth largest bank, has needed around $4bn to cover losses stemming from disastrously aggressive lending, including to companies in which it owns equity stakes. Divorcing Spain's banks from industrial portfolios built up during years of corporatist economic management will take years. However, to re-establish sound banking principles, Banesto's new owner will need to disentangle the bank's industrial holdings.

Historically, European banks' industry stakes – like those of governments – have largely reflected transactions carried out at times of economic and political distress. These shareholdings can be divested only if alternative investors are available.

Over the short term, unfavourable public reaction to revelations of banking mismanagement may set back chances for broadening European equity markets. Longer term, however, the sight of blood spilled on banks' carpets may increase the political priority given to achieving this necessary objective.

Value for money

The disclosure in today's Financial Times of a report sharply criticising the use of external consultants by UK government departments is another example of poor value for money in the public sector. Spending on these outsiders, according to five scrutineers from the Cabinet office, is often not properly identified in accounts, financial thresholds vary and contract terms are needlessly complex and inconsistent. Most alarming of all, though, is the finding that departments and government agencies could only identify £10m of savings to offset against the £565m paid to external consultants in 1992-93.

While the report certainly demands a firm Whitehall response, it will also make salutary reading for private sector companies which form the bulk of consultants' client base. Most of the criticism is directed at ministers and public servants, but the conclusions will be read by some as an indictment of a profession with a poor image.

That would be a pity. Management consultants are open to rebuke where they charge extravagant prices for simple off-the-peg solutions, or train junior staff at clients' expense. Their fees sometimes look like easy pickings – especially where they are invited in by companies which have already decided on a particular course of action but require the independence of an external agent to implement it.

At this time of change, however, senior managers are more than ever in need of a detached point of view to help them set strategic goals, handle delicate "downsizing" programmes, or upgrade their information systems. Consultants are playing – and will continue to play – a helpful role in the UK corporate sector's regeneration.

One lesson of yesterday's report is about the responsibilities that lie with the client. Consultancy will almost certainly be money down the drain unless management is positive about the idea of external intervention, is determined to grasp the opportunities or resolve the problems which may be identified, clearly defines the goals at the outset, checks that the knowledge and expertise being hired is not already available inside the organisation, and forms a good working relationship between the insiders and outsiders working on the project. Ensuring that the outcome matches the goals – and establishing a value for money audit – are equally elementary procedures.

Yesterday's report highlights contradictory attitudes within government: "an attitude of suspicion and mistrust of consultants" in some corners of Whitehall on the one hand, and a seemingly naive faith on the part of some Ministers that significant projects automatically require endorsement by outside consultancies on the other. The same mix of emotions can probably be found in the private sector: a more sensible assessment lies somewhere in the middle.

Littlechild's task

The privatisation of the electricity industry is in danger of becoming a victim of its own success. Less than five years after the sell-off, the power generators and distributors have been so effective at improving their financial performance that their profits have turned into something of an embarrassment.

The review of electricity prices which Professor Stephen Littlechild, the electricity industry regulator, is now conducting provides the opportunity to strike a better balance in the way the benefits of privatisation are distributed. So far, these gains have accrued largely to shareholders (not to mention the industry's highly-paid senior executives). Unlike the gas industry, electricity has delivered price increases not cuts since privatisation.

Prof Littlechild appears to share this view. His opening shot in the negotiations on the new price formula suggests that he intends to take a tough approach. He wants to tighten the price formula so that increases fall well below the rate of inflation, and he wants to put downward pressure on rates of return.

Although the electricity companies will fight back, possibly even to the extent of referring the matter to the Monopolies and Mergers Commission, Prof Littlechild should stick to his guns, for a number of reasons.

One is that his own credibility as a regulator is at stake. He has been accused, with some justification, of taking a softer line on the industry than is required, preferring to go for elegant and sometimes opaque solutions to price regulation rather than the cruder shock therapy deployed by some other regulators.

Another reason is that the electricity industry has seen this review coming for a long time – years, in fact – and has taken care to build up enough fat to endure a tougher price regime. Unlike the water industry, which faces huge investments to comply with EU water standards, the electricity distribution business does not have a heavy capital expenditure programme.

Having said that, however, this review is not merely about squeezing overweight electricity companies. It raises important and difficult issues about the appropriate rates of return which a heavily capitalised industry should be allowed to earn on its assets. It will also address highly technical questions about how those assets should be valued so that investors obtain a fair return.

Much of the debate during the coming weeks will therefore be rather arcane. But the aim of the review should be clear: to demonstrate in a well-argued fashion that regulation can provide an adequate substitute for market forces in a monopoly industry. If the decisions of regulators are to carry public support, it is essential that they be reached in a transparent fashion. At the end of the day, investors and consumers alike must feel that a fair bargain has been struck.

The greatest test of China's commitment to reform lies in rationalising loss-making state enterprises, writes Tony Walker

Heavy brigade under assault

When Mr Zhu Rongji, China's senior vice-premier in charge of the economy, visited the north-east heartland of China's ailing state-owned heavy industry this month he must have appeared like the grim reaper to hard-pressed provincial leaders and factory bosses.

Mr Zhu, who has made enterprise reform a priority in this latest phase of China's economic transformation, delivered an unpalatable message: that cheap bank credits for capital spending would cease, and that more strenuous efforts must be made to clear a backlog of debt before incurring new liabilities.

It was a bold gambit for China's leading reformer who is under heavy pressure from a powerful state sector lobby. It suggests Mr Zhu's credit squeeze is threatening the very survival of state enterprises that are the backbone of the economy and, worse, risking social unrest.

Figures released by the State Statistical Bureau for the first quarter of the year confirm that tight credit policies instituted last year to dampen runaway growth are biting. State sector output grew by just 2.2 per cent, compared with 32 per cent for small township enterprises and 80 per cent for joint ventures and privately-owned businesses.

The credit squeeze is hitting companies which are already experiencing difficulties. Nearly 50 per cent of state enterprises, including the 10,000-11,000 medium and large state-owned businesses nationwide, were in the red in the first quarter compared with about 32 per cent a year earlier. Losses to March amounted to Yn15.6bn (US$1.8bn), up 80 per cent on the same period last year.

The question is whether Zhu has the support of his colleagues to press on with reform

Contributing to the parlous condition of state enterprises is an ever-expanding "debt chain" under which they are unable to pay each other for raw materials or finished products. This has left many enterprises critically short of working capital.

The question, in light of the grim outlook for the state sector which now accounts for less than 50 per cent of total industrial production, is whether Mr Zhu has the nerve, and more important, the support of his senior colleagues to press on with enterprise reform in the face of rising criticism and street protests by jobless workers.

In the industrial city of Wuhan on the Yangtze in central China (see accompanying article) scarcely a week passes without busloads of redundant workers arriving at the gates of the municipal headquarters to protest at being laid off by enterprises that have either been turned into slimmed-down joint ventures or have run out of money to support a bloated workforce.

These patterns of protest are being repeated across China as the leadership tries to come to grips with its greatest test – reform of state enterprises. Inevitably the process is proving messy, but the reformers know that further progress in transforming China's socialist-era economy requires that they confront the challenge.

A deepening of state enterprise reform is crucial to dealing with a range of problems, including the need to make more efficient use of scarce resources, chronic budget deficits, inflation fuelled by lax money supply policies due to the continued heavy demands of state-sector funding and a banking sector awash in a sea of non-performing loans to state enterprises.

Real reform of the state sector, as opposed to the timid efforts of the past, is in turn throwing up a range of problems: not least of these is the need for a government-supervised social welfare net in place of the work-unit cradle-to-the-grave system of the past.

Even the more successful state enterprises, such as Wuhan iron and steel works, are not in a position to continue shouldering the burden of providing education, health care and pensions for their workforces, their families and a growing number of pensioners. China's life expectancy matches that of the west.

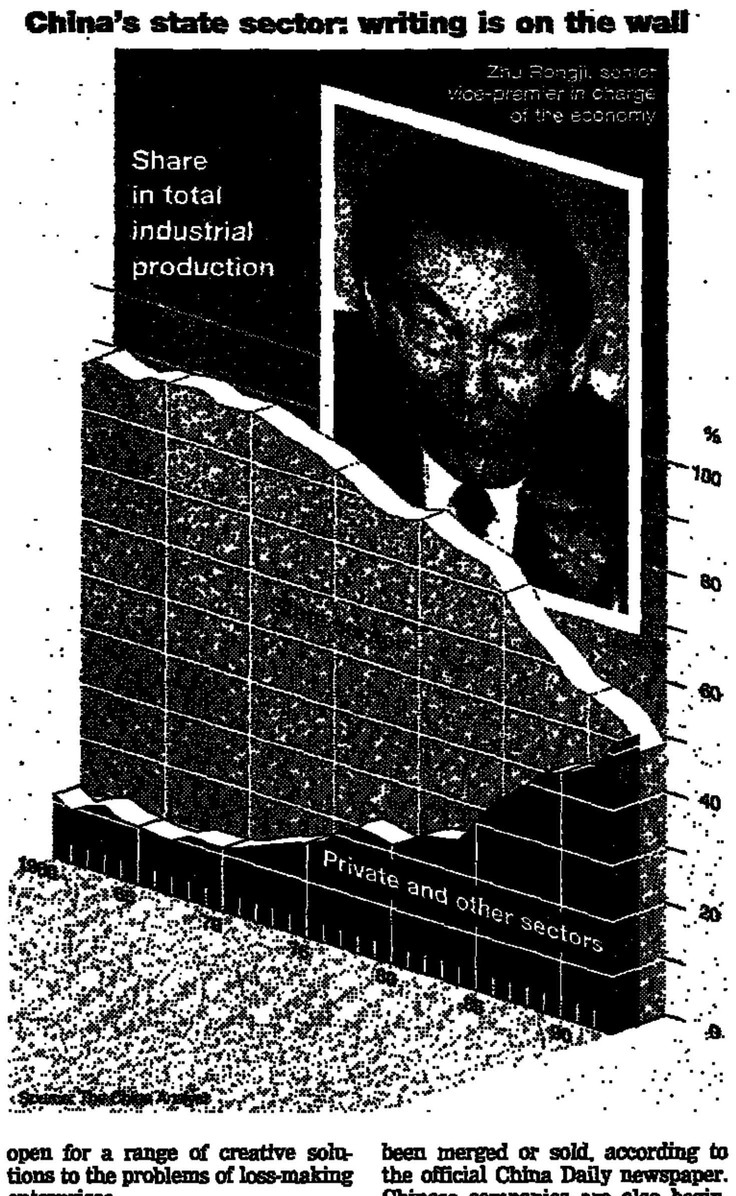
But Mr Zhu and the reformers in the government, while under siege from vested state enterprise interests, will also be mounting some strong arguments in defence of continuing the squeeze on the least productive enterprises.

These measures have seen the state sector's share of total industrial production shrink from about 80 per cent in 1978, the year that China formally turned away from rigid Maoist policies, to the less than 50 per cent now.

Among the advances since China turned its attention in 1984-85 to revamping its stodgy state-run enterprises has been the establishment of a framework for reform, and perhaps more important, ideological barriers have gradually been dismantled.

The third plenary session of the 14th Central Committee, the Communist party's policymaking body, last November laid down a blueprint for change which, while upholding the party's commitment to the state sector as the "mainstay" of the economy, left the way open for a range of creative solutions to the problems of loss-making enterprises.

China's state sector: writing is on the wall



These include "corporatisation", a Chinese half-way house to privatisation whereby overt state interference in the management of enterprises is eliminated; the formation of joint stock-holding companies; mergers; takeovers; and the sale or lease of state-owned businesses to collectives or individuals.

Merger activity, for instance, has accelerated in the past 18 months following China's 1992 formal embrace of a market economy at its 14th Party Congress. Since late-1992, some 3,000 Chinese companies have been merged or sold, according to the official China Daily newspaper. Chinese companies are also beginning tentatively to use the stock market to launch takeovers and mergers, although the authorities have reacted nervously to this form of aggressive capitalism.

China is also taking time to come to terms with bankruptcy under a 1988 law. Chinese officials frequently threaten bankruptcy proceedings against chronic loss-making enterprises, but the law has been used sparingly.

Along with the faltering transformation of the state sector has come an appreciation of the advances. Mr Peter Bottelier, the World Bank's chief representative in Beijing, says that while "unquestionably huge problems" remain, western economists have "given insufficient attention to the progress made".

"The whole process of asset-stripping, which has attracted a good deal of criticism locally, is not necessarily economically disastrous," he says. "Unlike Russia, eastern Europe and Latin America, where the proceeds were siphoned off, in China it has led in many cases to a reallocation of resources to much more productive enterprises."

The World Bank official would like to see the Chinese make more creative use of state enterprise assets, such as property, to create welfare funds for laid-off workers or for setting up retraining programmes. China's state railways, for example, is the biggest landowner in the country.

But the management and evaluation of assets, such as land, remains one of China's most contentious issues. As a recent World Bank study* noted: "The major, unsolved problem of enterprise reform is how the state, as owner of state assets, can effectively supervise the operation and management of state assets."

Since its inception in 1987, the State Asset Management Bureau has "not played an effective role", added the study. Indeed, persistent reports of corruption in the divestiture of state assets are bedevilling enterprise reform.

An official of the bureau reported last week that estimated "losses" of state assets, mostly by undervaluation, amounted to Yn500bn in the past decade. He also revealed that a survey last year by the bureau showed that two-thirds of state-owned businesses setting up joint ventures with overseas companies had not properly evaluated their assets.

Criticism flowing from these inadequacies of the reform process will not make Mr Zhu's task any easier; nor will the fact that his attempts to deepen enterprise reform also coincide with a testing phase in which he is being obliged to slow down an overheating economy, beset by inflation.

China's reformers are facing a moment of truth: they are now seeking to tackle the rump of the problem, which includes defence industries in the north-east that have had limited success in converting from making arms to consumer goods.

But Mr Zhu understands that the credibility of the government's broader reform programme rests on tackling the bloated state sector. Opposition to rationalising the enterprises, accompanied by threats to social stability, will test the leadership's nerve in the short-term as much as its longer-term commitment to its reformist goals.

**China: Managing rapid growth and transition (World Bank Report no 11932, June 30 1993)*

State relaxes iron grip

The entrance to the giant Wuhan iron and steel works is dominated by a statue of Mao Zedong, but the late chairman's socialist theories bear little relation to what is going on inside the sprawling complex, writes Tony Walker.

Nearly two decades after Mao's death, the Wuhan works in central China is striving to break free of the legacy which had left the company with a bloated workforce, inflexible bureaucratic control from central government ministries and provincial authorities, and stifling social welfare obligations.

Reform of China's seventh-largest state corporation is a good example of the route chosen by the authorities to transform larger enterprises into modern companies weaned off state subsidies. That, at least, is the theory.

Previously, such entities were under the rigid direction of central and provincial governments, which would set production targets and would insist on approving virtually all new capital spending proposals.

Greater flexibility for managers has been achieved under a State Council (cabinet) decree of July 1992 known as "The Regulations for Transforming the Operating Mechanism of State-Owned Enterprises", but old habits die hard and bureaucratic interference remains a problem in such areas as investment, personnel and taxation.

At Wuhan, progress is being made in slimming down a giant workforce and detaching non-core businesses from the parent company. Since 1992, 70,000 out of a total 123,000 workers have been shed, but most have been absorbed in newly created subsidiaries.

Mr Liu Ben Ren, the 52-year-old chairman and chief executive of the newly-named Wuhan Iron and Steel Group Company, the parent company, likens the "corporate engineering" under which the subsidiaries have been formed to helping someone mount a horse, then leading the horse a short distance and seeing it gallop away.

But in response to a question about what happens if the subsidiaries, which include a mining company with some 30,000 employees, encounter financial difficulties or even face bankruptcy, Mr Liu indicates that this possibility has not been considered.

The subsidiaries have been required to sign contracts described as "three responsibilities and one link" with the parent. This obliges them to assume responsibility for their own profits and losses; not to sell off state assets illicitly; to continue serving their owner, the Wuhan municipality; and to link wages to productivity.

Mr Liu boasts that Wuhan iron and steel works has not laid off a single worker in its transformation to a slimmed-down corporation – although this raises questions about actual savings for the group as a whole.

By allowing the parent company to concentrate on its core activities with a smaller workforce, greater efficiencies should be possible, however. These include achieving the target of doubling production by the year 2000 to 10m tonnes of steel products with a workforce of 40,000, compared with today's 53,000.

In one respect, Wuhan, in spite of progress made in "corporatising" its activities, is no different from thousands of other state enterprises. It is enmeshed in the problem of "triangular debt". It is owed Yn5bn (US$575m) by customers, including car makers, and in turn owes Yn3bn to raw materials suppliers.

Unless the central government is prepared to see industry grind to a halt across the country, it will be obliged to inject funds into the state system to snap the links of the "debt chain". This requirement puts in perspective the limits on reforms achieved thus far, and on the state's continuing central role in shielding enterprises from the vicissitudes of the marketplace.

OBSERVER

Eeny, meeny, Dini, mo

■ Antonio Martino, economic adviser to Silvio Berlusconi and presented throughout the recent Italian election campaign as the future treasury minister, appears to have stumbled at the 11th hour.

The son of a former foreign minister, Martino is a Chicago-trained economist and one of the few Italian members of the Bruges Group. But it seems he lacks international prestige, as well as government experience, in the eyes of his growing number of detractors.

Hence the ascendancy of Lamberto Dini's star. The treasury portfolio would certainly help placate the Bank of Italy's second in command, who has been less than happy since being passed over for the top slot when Carlo Azeglio Ciampi became prime minister last year.

Dini is viewed as a good technician and has extensive international experience with the International Monetary Fund; indeed, he is in Washington at the moment, leading the Italian delegation at the spring meeting.

His principal obstacle resides in the form of Berlusconi's partner, Umberto Bossi. The populist Northern League leader seems to think the central banker would be too closely identified with the old Christian Democrat party and the likes of former premier Giulio Andreotti.

The prospect of having a hand in choosing Dini's successor might just prompt the League to change its tune. Then again, the latter guards its independence jealously. So Dini at Treasury may be only the beginning of the wranglings.

Tall order

■ Has cookery writer and restaurateur Prue Leith, who once took it upon herself to uncurl the British Rail sandwich, bitten off more than she can chew? For last night's annual dinner at the Institute of Chartered Accountants, she rustled up a dish going by the not very imaginative handle of Institute Pudding. Any number crunchers expecting nursery food would, however, have been disappointed, greeted as they were with the distinctly challenging combination of mascarpone cheese and marmalade. It will now be dished up as part of the regular fare at Leith's ICA restaurant – not just to titivate members' appetites, but to help "sweeten their image" too, she simpers.

Trading names

■ While Bonn slugs it out with Geneva to decide which city wins the headquarters of the new World Trade Organisation, everybody seems to have missed the fact that

'It's a monument to the unknown peace promise'

the WTO already has a home – in Madrid.

Not quite the same thing, admittedly. But the World Tourism Organisation is more than a little peeved that its acronym has been pinched by this johnny-come-lately to the international glad-handing scene. The original 121-nation WTO has been in existence since 1975, after all.

When the name for the new trade body was proposed last year, the tourism mob protested to Gatt director-general Peter Sutherland but failed to stir up support among member governments. A representative was dispatched to Gatt before this month's signing ceremony in Marrakesh but found that the new title – favoured by the US – was already a *fait accompli*.

The Madrid-based organisation now has to decide whether to live with the confusion or change its own name. Maybe it should contact the *new* WTO's officials dealing with infringements of intellectual copyrights and trademarks . . .

Dog eat dog

■ Has the search for Pooh, Prince Charle's runaway Jack Russell, extended to Saltwood castle, home of diarist and former minister Alan Clark? The man obviously has an affinity with royal Russells, for in his diary he records meeting a "pleasing pup, smooth-coated and self-assured" on his first visit to dinner at Highgrove, HRH's country seat. "Furtively I fed him titbits under the table." Indeed, AC was more taken with the mutt than with the assembled captains of industry. "All I got out of the whole experience was a pleasing demonstration of what happens when you don't dock a Russell puppy's tail," he concludes.

Sunny side up

■ Deutsche Bank director Ulrich Weiss was wheeled out yesterday, along with chief executive Hilmar Kopper and Georg Krupp, to suffer a mangling at the hands of the press over the Jürgen Schneider affair. In typical cagey German banker fashion, none of the three would admit to knowing Schneider well. "The first I knew what he looked like was when I saw his picture in the paper [after the property tycoon had absconded]," said Krupp, who is supervisory board chairman of the bank's main property lending arm.

Weiss, on the other hand, let on that he had received a call from Schneider 10 days before Easter. The man who disappeared with at least DM219m of his group's money at the beginning of this month had said he wanted to talk about management succession, possible flotation and so on – a general *"tour d'horizon"* about the future, as Weiss put it yesterday. Since the meeting did not concern operating businesses, Weiss went on, both men decided to make a date for when they had returned from their respective vacations.

The fabled punctuality of German businessmen notwithstanding, it is reliably understood that Schneider did not turn up for the *tête à tête* – scheduled for 5 pm yesterday. While Weiss battles with the fall-out from the property collapse, Schneider remains on holiday – location unknown.

Black humour

■ Eve-of-poll graffito in Johannesburg: "Buy now while shops last."

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Allies seek four-month ceasefire in Bosnia

By Edward Mortimer, Kevin Brown and Roland Rudd in London and Laura Silber in Belgrade

Russia, the US, the United Nations and the European Union are to seek a four-month ceasefire in Bosnia as part of a fresh effort to resolve the Bosnian crisis through negotiation.

As part of the deal, the US will help to finance the full complement of 10,500 additional peacekeeping troops sought last month by General Sir Michael Rose, the United Nations commander in Bosnia.

The release of US funds will increase the UN force by several thousand troops, easing the peacekeeping difficulties faced by General Rose. However, no US ground troops are likely to be involved.

Mr Vitaly Churkin, Moscow's chief envoy to former Yugoslavia, announced the establishment of a "contact group" on Bosnia involving his country as well as the US, the UN and EU. He was speaking after a meeting with Mr John Major, UK prime minister.

The announcement followed a day of consultations over Bosnia in London involving Mr Warren Christopher, US secretary of state, Mr Alain Juppé, French foreign minister, and Mr Douglas Hurd, UK foreign secretary.

The meetings were a sign of renewed emphasis on diplomatic, as opposed to military, approaches to settling the Bosnian dispute.

Mr Churkin's original programme called only for meetings with British diplomats, and the fact that he was received by Mr Major was a gesture of reassurance to Russia that it will not be excluded from peace efforts.

The contact group is expected to hold its first meeting in London this morning. The group's priority will be to negotiate a full cessation of hostilities for four months, during which negotiations on a comprehensive settlement would be held with Serb, Moslem and Croat leaders.

Earlier Mr Hurd told the UK parliament that General Rose must retain a veto over the launching of air strikes against the Serbs.

Britain's strong insistence on the veto was in contrast with the position of the US, where officials have expressed impatience with the UN's cautious attitude to the use of air power.

Mr Hurd said that under current arrangements for co-operation between the UN and Nato, "either can propose air strikes, both have to agree". He said this "dual key" was essential if commanders in the air were to work in harmony with ground forces.

Mr Jack Cunningham, foreign affairs spokesman for the Labour opposition, complained of "considerable confusion" between Nato and UN leaders and warned that "indecision" would only help the Bosnian Serb "aggressors".

Mr Hurd refused to lay blame on any one warring party and stressed that Britain "was not involved in fighting on one side or the other". He believed the Bosnian Serbs were withdrawing all their heavy weapons at least 20km from Gorazde by tonight.

However, he repeated warnings that the alliance could still mount air strikes.

Schneider took $128m cash, says Deutsche Bank chief

By David Waller in Frankfurt

Mr Jürgen Schneider, the German property entrepreneur whose disappearance earlier this month triggered Germany's biggest property crash in decades, took at least DM219m ($128m) in cash from the group before he left, Mr Hilmar Kopper, chief executive of Deutsche Bank, said yesterday.

Mr Kopper, whose bank is the Schneider group's biggest creditor, said Mr Schneider had transferred the money from time-deposit accounts at German institutions to foreign accounts during March. By the time Deutsche and other banks made efforts to retrieve the cash this month, said Mr Kopper, it was untraceable.

He was speaking at a news conference convened for the bank to put its point of view on the Schneider affair. Germany's biggest bank has DM1.2bn of loans outstanding to the property group and has been at the centre of ferocious criticism within Germany over its failure to prevent the debacle.

Mr Kopper said the bank was in danger of being portrayed as the perpetrator of the crisis rather than as a victim of fraud. He said the bank's early investigations showed that "credit fraud was prepared intentionally and systematically" and that Mr Schneider had applied himself to the task of tricking the banks "with criminal energy".

He claimed that the fraud went beyond Mr Schneider to include professional advisers used by Deutsche to verify details of its lending against specific properties.

"[It is] absolutely clear ... that Centralboden [the Deutsche mortgage lending subsidiary through which the bulk of Deutsche's lending was channelled] received falsified reports from publicly appointed, official valuers, and that manipulated tenancy agreements were used [in order to obtain money from the bank]."

"What is undeniable is that mistakes were made," Mr Kopper conceded. "The most grave mistake was that we allowed ourselves to be deceived."

He was adamant that bank employees would not be made a scapegoat "as a sop to public opinion", but said there was no taboo about sacking staff should mistakes be proven during the course of internal investigations into the affair.

Mr Kopper played down the financial consequences of the collapse for the bank, explaining that the amount of money lent to the group was three-thousandths of the bank's total lending volume, and that only part of that was at risk.

See Lex
Observer, Page 15

THE LEX COLUMN

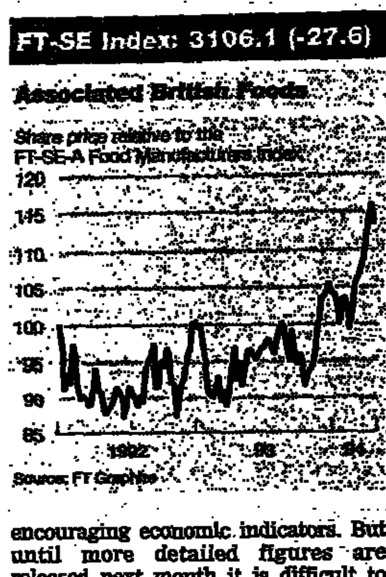
Reuters rides high

Reuters finds it hard to do much wrong these days. Few large companies can deliver 15 per cent increases in their revenue when world inflation is at such a low ebb. The information and media group was duly rewarded by a 2.5 per cent rise in its share price on a day when the market fell 1 per cent. Investors could, though, be forgiven a sense of vertigo. Assuming 1994 earnings per share of 21p, the shares are now on a price earnings ratio of 25 compared to the market's average of 14. To justify such a rating, Reuters needs to show not just a few years of above-average growth but double-digit growth at least until the end of the decade.

Such a performance is possible. Reuters' core financial services markets are booming again. As banks devote more of their energies to trading rather than lending, demand for Reuters' services is rising. Instinet, the group's equity transaction arm, was the star turn in yesterday's first quarter trading report. Though its 89 per cent rise in revenue was buoyed by acquisitions, its market is far from saturated. Reuters is also well-positioned to expand into fast-growing electronic information markets outside financial services.

However, maintaining current growth rates beyond the next few years will require not only continued success in defending its lucrative financial markets franchise from competitors but an ability to earn the same sort of fat margins from new activities. It can be done, but it is a tall order. Even if Reuters succeeds, it is difficult to see much upside in its shares.

FT-SE Index: 3106.1 (-27.6)



UK economy

With European elections looming, it is hardly surprising that the government used yesterday's first-quarter growth figures as an excuse to trumpet recovery. Without the contribution of oil and gas production, though, the 2 per cent output growth achieved in the first quarter is less impressive than the 2.6 per cent headline rate. The same is true of the longer-term trend. Non-oil GDP remains some way below the pre-recession peak reached in the second quarter of 1990, despite steadily increasing contribution from government spending in the intervening four years.

More important, the rate of non-oil growth was actually down on the final quarter of last year. That is disappointing, given the recent run of encouraging economic indicators. But until more detailed figures are released next month it is difficult to draw firm conclusions. Variable factors – such as electricity generation, which depends on the weather – may have been a drag despite seasonal adjustment of the figures. Still, it would be encouraging to see an acceleration of growth in manufacturing. Manufacturers will have to take up the running if tax rises slow what, until now, has been a consumer-led recovery.

If growth remained reasonably well-balanced in the first quarter, the economy stands a fighting chance of meeting the government's 2.5 per cent growth forecast this year. That adds to the weight of argument against an early cut in interest rates, at least until the impact of higher taxes on consumer spending can be judged.

ABF

The strong rise in Associated British Foods' shares this year was prompted by hopes it might mobilise its chronically under-geared balance sheet and buy something big. With some £2bn of shareholders' funds and £356m of net cash, Mr Garry Weston certainly has plenty of dough to play with. But ABF remained quiet about any such intentions yesterday as Mr Weston kept playing his famously long game. So the market chose to fret instead about the continuing stodginess of ABF's milling and baking activities. One day ABF will generate a decent return on its £400m of assets in that area. But many suns will set before that day arrives. At least, the recovery in Irish retailing is providing some encouragement, while British Sugar is still proving its worth.

Most of the moving parts at ABF are therefore at the margin. ABF took a £29m profit from writing up the value of its investment in Berisford and selling some of its nil-paid rights. But that was offset by the slump in investment income from £45m to £17m. The previous year's numbers were flattered by the exceptional markets which followed the pound's removal from the ERM. Even so, the returns ABF is currently generating on its cash balances look none too clever. ABF incurred some capital losses in the bond market. It would have got a better return leaving its money on deposit in the Cheltenham & Gloucester. Given the importance of investment income to group profits, ABF should disclose where it now intends to puts its money.

Deutsche Bank

Embarrassing though the Schneider affair is for Deutsche Bank, it is difficult to justify any serious impact on its share price. Yesterday the bank admitted the need for a few hundred million D-Marks in provisions. But provisions in 1993 were DM3.3bn and Deutsche warned in its final results statement that they would again be high this year. The Schneider failure does not materially alter expectations. Nor does it appear to signal a general deterioration of property market conditions which might engender further bankruptcies.

Harder to quantify is the effect on the bank's image. There have been striking lapses of management in both the Schneider and the Metallgesellschaft cases. It will be awkward for Deutsche if either problem necessitates resignations at a senior level. Yet here again it is difficult to see financial implications. Arguably Deutsche's tarnished image might accelerate its disengagement from industry so that it would eventually face more competition in its home market. But that is a long term process and one that was already under way.

There is thus every chance that Deutsche's shares will make up more of the ground lost since the Schneider affair broke. Whether they can manage a period of sustained out-performance is another matter, given the market's predilection for cyclical industrial stocks over interest-sensitive financials. That is a much weightier matter now the recovery looms and interest rates approach their floor.

S Africa

Continued from Page 1

fontein, west of Johannesburg. Most of the attacks have been close to polling stations.

South African police have offered a R1m ($277,000) reward for information leading to the arrest and conviction of those responsible. Mr Gert Myburgh, deputy minister of law and order, told a press conference a suspect had been arrested and the bombers would be hunted down ruthlessly.

Mr Mandela sought to reassure South Africans, saying "We are one country and one people ... I want you to look to the future with hope and confidence".

The stock market shrugged off news of the bombings, with the general index finishing up 28 points at 5,068.

Dehaene

Continued from Page 1

mine the widely held assumption that there was no credible alternative to Mr Lubbers.

The leak followed talks between Mr Kohl and Mr Edouard Balladur, French prime minister, but did not come with Mr Dehaene's foreknowledge. The Belgian premier has since refused all comment on whether he is a candidate.

The post of Commission president is decided by the 12 EU heads of government. They could select a successor at the European summit in Corfu in June, if they reach the required unanimity.

The key post of secretary-general of the European Council, is expected to go to Mr Jürgen Trumpf, a senior career diplomat.

India bans cheap share purchases by foreign groups

By Stefan Wagstyl in New Delhi

Foreign companies have been banned by the Indian government from buying shares in their stock exchange-listed Indian subsidiaries at a fraction of market prices.

The decision follows protests from some Indian companies that multinationals were gaining unfair advantage by arranging for their affiliates to issue shares to them on a preferential basis at discounts of up to 90 per cent of the market price.

The finance ministry has now ruled that shares issued to a foreign parent must be priced at a minimum of the average price of the previous six months.

The decision indicates that the government is taking seriously complaints from some leading industrialists that the economic liberalisation which has swept the country since 1991 has favoured foreign groups at the expense of Indian companies.

The ministry's decision does not signal any desire to hold back further liberalisation; rather it is seen in Delhi as a response to an anomaly.

Foreign companies started making big-discount share issues early last year after the government relaxed curbs on stock market investment, abolishing powers to fix issue prices and permitting free pricing.

Under the liberalised regime, companies were free to allot shares on preferential terms to any shareholder – as long as they secured approval from at least 75 per cent of shareholders.

Shareholders were happy to grant approval to multinationals because they judged a multinational that increased its stake would also probably bring other changes such as new managers or new technology – and benefit all shareholders.

Indian state-owned financial institutions, which hold the bulk of Indian shares, set rules for minimum pricing, including a minimum price/earnings ratio of 15. Because profits in 1991 and 1992 were depressed by recession, the formula allowed companies to issue shares to their foreign parents very cheaply.

Colgate Palmolive, the US toiletries group, bought stock in its affiliate at a 90 per cent discount. Burmah Castrol, the UK oil group, secured an 89 per cent discount on shares in Castrol India.

Last December the institutions set an additional rule, fixing the minimum price at the average price for the previous six months, but that did not apply to every listed company.

Now the government has stepped into the breach and ordered the Reserve Bank of India, the central bank, to impose pricing rules on share issues to foreign shareholders. The government also plans to ban all preferential share issues – whether to foreign or domestic shareholders.

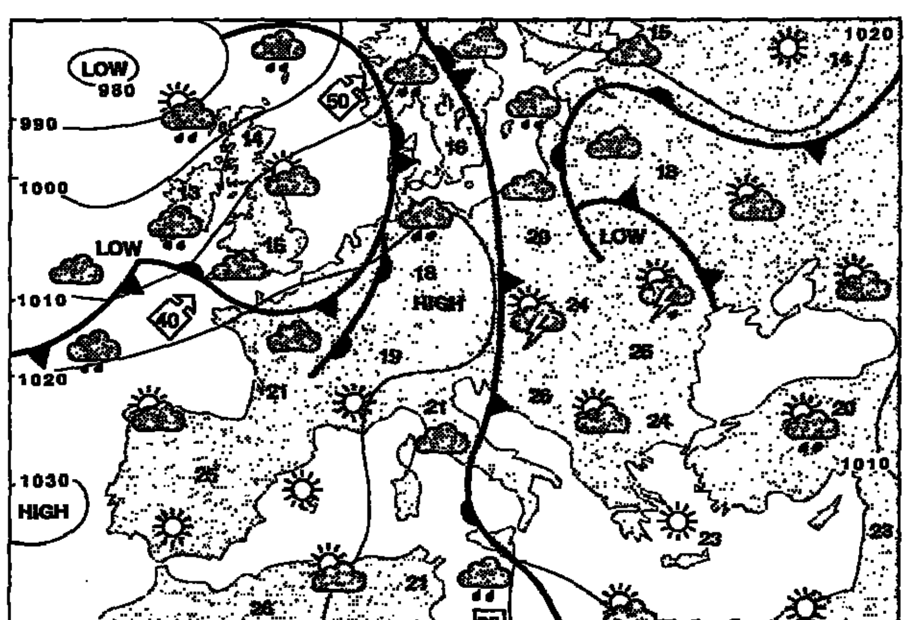
FT WEATHER GUIDE

Europe today

Eastern and south-east Europe will be quite warm. Scattered thundery showers are expected over Romania and parts of Bulgaria especially in the afternoon. There will also be showers in Austria and in southern Italy near the remnants of an old frontal zone. Western Europe will be influenced by much cooler air from the Atlantic which will bring unsettled conditions to the Low Countries, the British Isles and France. Rain will affect Ireland and Scotland, with downpours in north west Scotland. Scandinavia will have sunshine followed by showers. High pressure will bring sunshine to southern France, Portugal and Spain.

Five-day forecast

High pressure west of Spain will expand over western and central Europe during Wednesday and Thursday. As a result, it will become warmer in France, Spain and Italy, with temperatures in Spain in the 30s. The British Isles, Denmark, western Scandinavia, Poland and the CIS will be unsettled. By the end of the week, much cooler air from the north will penetrate into northern and western areas.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	cloudy	25	Caracas	cloudy	29	Edinburgh	fair	15	Madrid	sun	25	Rangoon	fair	36
	Celsius		Belfast	shower	14	Cardiff	shower	14	Faro	sun	23	Majorca	sun	21	Reykjavik	cloudy	4
Abu Dhabi	sun	39	Belgrade	sun	25	Casablanca	sun	21	Frankfurt	cloudy	20	Malta	shower	18	Rio	shower	27
Accra	shower	33	Berlin	cloudy	19	Chicago	shower	24	Geneva	fair	18	Manchester	fair	16	Rome	fair	20
Algiers	fair	22	Bermuda	fair	28	Cologne	rain	18	Gibraltar	sun	23	Manila	fair	35	S. Frsco	cloudy	16
Amsterdam	shower	16	Bogota	shower	20	D' Salaam	thund	28	Glasgow	windy	13	Melbourne	rain	26	Seoul	sun	24
Athens	fair	24	Bombay	sun	33	Dakar	sun	25	Hamburg	cloudy	16	Mexico City	fair	23	Singapore	shower	30
Atlanta	fair	32	Brussels	rain	16	Dallas	cloudy	28	Helsinki	cloudy	14	Miami	shower	30	Stockholm	shower	13
B. Aires	fair	24	Budapest	fair	23	Delhi	sun	37	Hong Kong	cloudy	31	Milan	sun	24	Strasbourg	cloudy	19
B.ham	fair	18	C.hagen	shower	15	Dubai	sun	40	Honolulu	fair	29	Montreal	rain	18	Sydney	fair	25
Bangkok	fair	36	Cairo	sun	29	Dublin	shower	14	Istanbul	fair	21	Moscow	fair	19	Tangier	sun	22
Barcelona	sun	21	Cape Town	fair	26	Dubrovnik	fair	23	Jersey	drzzl	13	Munich	fair	18	Tel Aviv	fair	24
									Karachi	sun	34	Nairobi	thund	25	Tokyo	fair	21
									Kuwait	fair	38	Naples	fair	22	Toronto	fair	28
									L. Angeles	cloudy	18	Nassau	fair	29	Vancouver	fair	17
									Las Palmas	fair	21	New York	cloudy	19	Venice	fair	22
									Lima	sun	25	Nice	sun	19	Vienna	sun	22
									Lisbon	sun	22	Nicosia	fair	23	Warsaw	fair	20
									London	fair	17	Oslo	cloudy	14	Washington	fair	28
									Lux.bourg	cloudy	17	Paris	rain	18	Wellington	cloudy	13
									Lyon	fair	19	Perth	cloudy	23	Winnipeg	snow	5
									Madeira	fair	20	Prague	fair	17	Zurich	fair	19

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Salami Marriage - The Hungarian Way

Compiled on behalf of PICK SZEGED
6725 Szeged Szabadkai ut. 18, Hungary
by Peter Czatner

A century-old struggle ended at the beginning of April with the marriage of two Hungarian salami factories: Pick and Herz, although the stamp of the Cartel Office is still missing from the marriage certificate.

After more than a year of leasehold, Pick Szeged Rt., situated in the southern Hungarian town of Szeged, purchased the ownership rights of the Budapest-based Herz for the considerable amount of USD 9 million. Thus the two one-time rivals can try to attract new customers as the largest salami producer of Hungary and the best-known in the region. This is why the blessing of the Cartel Office is required, as quality salami production will be concentrated in a single company.

Interestingly enough, the news of the merger has not increased Pick prices on the Budapest Stock Exchange and the Vienna telephone trading. However, Pick has defied experts' forecasts before. When it was formed at the end of 1992 with an HUF 2.27 billion (USD 22.7 million) prime capital and 113,500 of its shares with HUF 1000 face value each were offered for compensation vouchers, only a few believed Pick would succeed. In the meantime, 150,000 shares went to domestic institutional investors through exclusive sale, 686,900 were offered, also exclusively, to foreign institutional investors and 100,000 were put up for public subscription. Conspicuously, compensation voucher holders, who were otherwise extremely mistrustful, oversubscribed the share. The price was highly advantageous: whoever promised not to sell the securities received a Pick share for a compensation voucher with a face value of HUF 1000.

Stock exchange introduction on December 21, 1992, was a success, and the James Capel company, led in Hungary by Zsigmond Járai, had no regrets over its decision to maintain the price of the share for 30 years. From then on, the price of Pick shares continued to rise unhindered, refuting the somewhat gloomy forecasts of brokers who worried about the price of Pick shares, paying a low, only six percent dividend amidst the generally low trade at the Budapest Stock Exchange in the spring of 1992. Pick began to rise after a sudden halt. Starting at HUF 1200 (approximately USD 11), it climbed up forint by forint, and analysts at the stock exchange kept saying month after month that this was the peak, that it could not go further. As a matter of fact, their predictions almost came true at one point, as the European Union ordered several restrictions against products from Hungary. However, consumers did not desert Pick salami, which reclaimed the market time and again. It is true that the restrictions did not apply specifically to the salami, but such measures could harm market chances.

"In the meantime, the company has dynamically increased its profit," says Dr. Lukács Vámosi, economic manager of Pick Szeged Rt., *"and we booked a profit of HUF 1 billion (USD 10 million) in 1993. Perhaps it also had an effect on the price of our shares."*

Postabank Securities Trading and Investment Rt. believes that the price has been maintained primarily by the demand of foreign investors, which is indicated by the fact that Pick securities have held the price they achieved in free trading on the Austrian, German and London stock exchanges.

In the June 1993 compensation voucher/share swap, three compensation vouchers had to be given for two shares. Even so, the securities were 300 percent oversubscribed. The company allocated another five percent of its still stateowned shares (just as in December 1992) to those compensated.

Even the supply has not harmed the price: the value of Pick shares began to exceed HUF 2000 (USD 20). Moreover, in November when another 10 percent of still state-owned Pick shares were put in the compensation package, two shares were being given for five vouchers. The price was then already HUF 5000 (USD 50), and it went on to reach its current peak, HUF 10,000 (USD 100). By this, the privatization of Pick was completed, and only a five-percent share package and a primary share assuring special voting rights were maintained by the State Holding Company, manager of long-term state property.

Pick's history does not stop here: it continues to maintain its high prices, caused, many suspect, by foreign investors. Moreover, stock exchange specialists do not rule out that the shares of Hungary's most significant meat industry company, brought about by the marriage of the Szeged Pick and Budapest Herz salami factories, will become increasingly attractive for foreign investors.

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Vita WORLDWIDE
21st CENTURY MATERIALS AND TECHNOLOGY T·O·D·A·Y
BRITISH VITA PLC

IN BRIEF

Price of UAP set at FFr152 a share

The French government announced a price of FFr152 per share for the public offer of the privatisation of Union des Assurances de Paris, the country's largest insurance group.
Page 18, Background, 23

Norsk Hydro advances
Norsk Hydro, the Norwegian energy and fertiliser group, yesterday announced a rise in first-quarter net profit. Page 18

Dismal times at Kmart
Kmart, the US discount store group that has been struggling to compete with its more successful rival Wal-Mart, warned that first-quarter earnings would be even worse than the dismal results reported for the same period last year. Page 21

Boeing falls 10%
Continuing weakness in the world market for new airliners resulted in a 10 per cent fall in net income for Boeing, the US aircraft maker, in the first quarter. Page 21

Accor fights Forte
Over the 27 years since they opened their first Novotel in Lille, Mr Gérard Pélisson and Mr Paul Dubrule, joint chairmen of the Accor hotels-to-luncheon vouchers group, have developed the disconcerting habit of finishing one another's sentences. Both talk with equal animation, however, about why they, rather than rivals Forte of the UK, should be allowed to buy the Meridien hotel chain.
Page 20

Organic growth lifts Farnell
Farnell Electronics, the UK electronics components manufacturer and distributor which acquired the Multicomponents distribution business from ITT in December, reported sharply higher full-year profits buoyed by strong organic growth in the UK and overseas. Page 25

Glassmakers expand in South America
Pilkington and Saint Gobain, the UK and French based glass makers, are expanding their joint-venture production capacity in South America through a $130m total investment. Page 25

Rift at Regina meeting
Mr Shiraz Malik-Noor re-emerged as King Bee at Regina, the UK royal jelly company.
Page 25

McCarthy & Stone cuts losses
McCarthy & Stone, Britain's biggest builder of retirement homes, cut pre-tax losses from £6.1m ($8.9m) to £400,000 in the six months to February 28. Page 27

McKechnie shares fall
Shares of McKechnie, the UK plastics and components group, yesterday fell 24p to 500p reflecting concern about the group's continued losses in the US. Page 27

Moss Bros jumps
Shares in Moss Bros, the UK clothing outfitter, jumped by 46p to 325p yesterday as profits sharply exceeded analysts' expectations.
Page 27

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
Asko Pf	920	+	28	Legris	277	+	23.9
Didier-Werke	166.5	+	5.5	**Falls**			
Falls				Bouygues	679	-	21
BMW	859	-	10	Canal Plus	986	-	24
Hertitz	406	-	5	Elf Sanofi	980	-	15
Kaufhof	540	-	8	Euro RSCG	660	-	15
Volkswagen	531	-	17.5	St Gobain	702	-	18
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Falls**			
Boeing	44¼	+	1	Aoyama Trad	4620	-	380
DuPont	58¾	+	3⅛	Dai Tokyo	789	-	22
Intl Paper	62¼	+	1¼	Hino Motors	641	-	29
Margaretten Fin	18¾	+	3¼	Hitachi Sales	670	-	20
Falls				Koyo Seiko	761	-	29
Kmart	17⅞	-	⅝	Toa Gosei	701	-	31
Salomon Bros	48¼	-	1½				

New York prices at 12.30pm.

LONDON (Pence)							
Rises				Sherwood Comp	115	+	23
Batt Bros	180	+	8	Shiloh	178	+	15
Brandon Hire	60	+	7	Tottenham Hspr	90	+	7
City Site Est	82	+	9	Wensum	47	+	5
Dale Elect	73	+	5½	**Falls**			
Ivernia West	53	+	5	Dickie (James)	157	-	10
Jerome (S)	69	+	6	Le Creusot	213	-	21
LASMO	155	+	8	McKechnie	500	-	24
Lincoln House	43	+	5	Medeva	141	-	8
MAID	70	+	7	Powerscreen	239	-	14
McAlpine (A)	278	+	16	Suter	191	-	10
Moss Bros	325	+	46	Taylor Woodrow	156	-	6
Nat Home Lns	19	+	2½				
Phonelink	426	+	33				

Incentive bid values Cardo at SKr8.4bn

By Christopher Brown-Humes in Stockholm

Incentive, a key company in the Wallenberg family empire, yesterday launched a bid for Cardo, a Swedish investment group, after buying a 44 per cent stake in the company from Volvo for SKr3.7bn.

The offer, which values Cardo at SKr8.4bn ($1.07bn), is designed to give Incentive control of Gambro, one of the world's leading medical equipment groups. Cardo has a 58 per cent voting stake in Gambro and 43 per cent of the capital.

Mr Mikael Lilius, Incentive managing director, said the group wanted to invest aggressively in medical technology.

"This is a market leader with a substantial growth potential," he stated. Gambro is particularly strong in the renal care field.

With an annual turnover of SKr16.7bn, Cardo is a bigger company than Incentive which has sales of SKr12.3bn. Apart from its holding in Gambro, the company has industrial operations spanning industrial doors, pumps, and train brakes, and a significant investment portfolio.

Mr Lilius said Incentive planned to reintroduce Cardo as a public company, but it would also sell the company's equity portfolio. The portfolio, which includes a 4.8 per cent voting stake in Volvo, has a total market value of some SKr2.7bn.

Mr Lilius said Gambro fitted well with Incentive's diversified engineering operations, which include transport, materials handling and processing. But he said there were no plans to bid for the rest of Gambro, which last year achieved profits of SKr976m on turnover of SKr9.05bn.

Terms of the Incentive offer are SKr500 per Cardo share and SKr325 per warrant.

The Volvo disposal is a swift demonstration of the vehicle group's new strategic focus on core transport operations, following last week's announcement that it planned to shed around SKr40bn worth of non-core assets.

Mr Sören Gyll, Volvo's chief executive, said yesterday that the disposal was "fully in line" with its new strategy. "At the same time, I believe this is a favourable solution for Cardo, industrially and in terms of ownership."

The disposal, which will generate a SKr2.6bn capital gain, represents a further dismantling of tangled cross-ownership links designed to protect Volvo from takeover during the 1980s.

Foreign side helps Siemens maintain half-time results

By Christopher Parkes in Frankfurt

A fall of 16 per cent in domestic sales at Siemens for the six months ended March, was offset by strengthening foreign business, the German electrical and electronics multinational reported yesterday.

Group net earnings were unchanged at DM879m ($514m) on turnover up 3 per cent at DM38bn, Siemens said.

However, growth in sales was due to the first-time inclusion of the US Sylvania lighting business, now part of the Osram division. Osram's turnover jumped 71 per cent to DM2.9bn.

A similar rise in lighting product orders, reflecting recovery in the north American economy and the US automotive industry, contributed to an overall 9 per cent increase in demand.

While the foreign order book was up 21 per cent at DM27bn after a 33 per cent advance in the first quarter, domestic demand for the six months showed no relative change, and was 6 per cent lower at DM17.5bn.

Incoming orders are considered an important indicator at Siemens, but the figures are subject to sharp short-term fluctuations because of high capital costs of projects such as power stations.

The first-quarter surge in foreign demand, for example, was mainly attributable to the booking of large Asian contracts.

Total new orders at the important KWU power generation division were 36 per cent ahead after six months at DM4.9bn.

The group, which in January said it expected full-year profits to fall by 10 or 15 per cent mainly because of reduced investment earnings, is still showing the strains of feeble investment in the German market.

Telecom sales were down from DM9.2bn to DM8.3bn. A rise in orders for private systems offset a decline in the public sector, leaving the six-month order total for this business unchanged at DM9.3bn.

Sales and orders at the loss-making computer business, Siemens Nixdorf Informationssysteme, were both down around 6 per cent, while the semiconductors operations increased turnover 51 per cent to DM1.4bn.

Salomon profits hit by bond declines

By Patrick Harverson in New York

Salomon, the US securities house, yesterday reported a modest first quarter profit of $66m in the wake of a big drop in customer-related revenues, which were hit hard by sharp declines in US and international bond prices and increased volatility in world currency markets.

In the same quarter a year ago, Salomon made a loss of $102m, which included a $37m after-tax charge to cover accounting changes. The latest results, described as "disappointing" by Salomon chairman Mr Robert Denham, were poorly received by investors. The shares fell $1½ to $48¼ in New York.

Although Salomon – whose main subsidiary is its investment banking and securities brokerage unit Salomon Brothers – suffered from the same problems that have plagued other Wall Street firms and banks, the negative impact of declining world bond prices and unpredictable currency markets showed in the group's customer-related business – where losses were $173m – rather than its proprietary trading business.

The losses were incurred primarily because during the big sell-off in US and international bond markets in February, Salomon was forced as a market-maker to buy large amounts of US and European government bonds in a rapidly declining market. As the value of those holdings dropped, the group's customer-related operations ran up large losses.

Salomon also incurred losses on its "positioning activities", where the trading desks which handle customer orders also make short-term bets on securities prices and market volatility. Judging by the results, many of those bets taken during the quarter proved to be wrong.

In contrast, Salomon reported proprietary trading income of $212m, compared with a $319m loss a year earlier. This business involves Salomon taking long-term bets on securities prices and volatility and so earnings were less affected by the turmoil in markets during the quarter. Salomon, which insists that its proprietary trading performance is best measured over periods longer than three months, noted that this business generated pre-tax profits over the past four quarters of $947m.

Salomon's commodities trading and oil refining businesses, Phibro and Phibro USA, both recorded solid improvements during the quarter. Commodities trading earnings jumped from $6m to $50m, while the oil refining business turned a $13m loss into a $37m profit.

Daniel Green reports on prices and patents squeezing best-sellers

Drug groups fear falls from the top

Four of the world's top selling drugs will probably see their sales growth slow or go into reverse over the next 18 months.

Glaxo's ulcer treatment Zantac, the biggest of them all, until last month looked the least vulnerable. Now it seems that it could fall the hardest. The other three – all heart drugs from the US companies Merck, Bristol Myers Squibb and Pfizer – are also likely to topple from their peaks. Each faces the same problem and one that is relatively new to the prescription drug industry: price competition.

The scale of the danger to the manufacturers is immense. The four drugs have annual sales of more than $10bn, equivalent to twice the entire annual drugs budget of the UK's National Health Service.

The makers owe their positions as industry leaders largely to these top-selling products. Only Merck has any other drugs with annual sales above $1bn and it also faces increasing competition.

The pricing pressure emanates from changes in the healthcare market, especially in the US where drug buyers are playing competitors off against each other to drive prices lower.

"It is a paradigm change," says Mr Jan Leschly, incoming chief executive of Anglo-US drugs company SmithKline Beecham. "The organisations which pay for the drugs – insurers and employers – are making market forces work. It's happening without the need for the Clinton healthcare reforms."

Thanks to its patents, Zantac has been regarded as among the least likely to suffer a sharp reverse. That changed on March 22 when Ciba, of Switzerland, said it could bypass the patent protection and bring a rival to the market within 18 months.

Ciba's attack relies on that fact that Zantac's active ingredient, ranitidine, comes in two different physical forms that are chemically identical. Zantac contains the newer form which has patent protection until the next century. Ciba says it will make the older form whose patents expire next year in Germany and in 1996 in the US.

"Zantac cannot escape generic competition from 1996," says Mr Peter Laing, analyst at stockbroker Salomon Brothers. "We expect profits to fall in both 1996 and 1997."

The patent crunch for Merck and Bristol Myers Squibb will come at about the same time. Merck's Vasotec and Bristol Myers Squibb's Capoten belong to a class of drugs called Ace-inhibitors. But different Ace-inhibitors have virtually identical effectiveness, implying that when the patent expires on one, sales of the others will be dragged down as unbranded generics flood the market.

The top ten blockbusters

Brand name	Treatment	Marketed by	1993 sales ($m)
Zantac	anti-ulcer, H2 antag	Glaxo	3520
Procardia/ XL/ Adalat	cardiovascular	Pfizer, Bayer	2100
Vasotec	cardiovascular	Merck	2065
Epogen/ Eprex	hematology	Amgen, Johnson & Johnson, Kirin, Chugai, Sankyo	1805
Capoten	cardiovascular	Bristol Myers Squibb, Sankyo	1800
Pravachol/ Lipostat	cholesterol	Bristol Myers Squibb, Sankyo	1661
Humulin/ Novolin	diabetes	Eli Lilly, Shionogi, Yamanouchi, Hoechst, Novo	1610
Losec/ Prilosec	anti-ulcer	Astra; Merck	[illegible]
Cardizem/ CD/ SR	cardiovascular	Marion Merrell Dow, Tanabe, [illegible], Warner Lambert	[illegible]
[illegible]	cancer	Roche, Wellcome, [illegible], Yamanouchi, SGP	1486

Source: Lehman Brothers

"Most of the Ace-inhibitors on the market are at their peak sales," says Mr Viren Mehta of New York specialist healthcare stocks researchers Mehta and Isaly. "Price competition will be precipitated by the expiry of Capoten's patents in 1995."

The effect of patent expiries is already being felt at Pfizer, where sales of all versions of Procardia are down over the past six months, compared with rises of more than 10 per cent a year earlier.

All four companies need look no further than the list of ex-blockbuster drugs to see frightening examples of the rapid fall in sales that can follow patent expiry. The anti-inflammatory drug Naprosyn, made by US company Syntex, once had annual sales of $1bn, but the number of US prescriptions dispensed halved because of patent expiry, according to Salomon Brothers.

Of the four, Pfizer seems to have the strongest defences. Procardia sales are falling much more slowly than Naprosyn's because the company developed a slow-release version with a patented means of manufacture. Although patents on the active ingredient have expired, anyone wanting to make a slow release version would have to invent their own process for doing so. In addition, Pfizer has a newer heart drug on the market. Called Norvasc, it works by a similar mechanism to Procardia but with a better medical performance. Its sales more than doubled to $154m in the first quarter of this year, compared with 1993.

Merck, too, has acted. The vulnerability of Vasotec was one of the factors behind its $6bn acquisition last year of drug distributor Medco, says Ms Jo Walton of London stockbroker Lehman Brothers. "Other things being equal, Medco will sell Vasotec rather than its competitors."

Glaxo could try to do what Pfizer has done. It is already planning to submit for approval a patented, improved version of Zantac that also attacks the bacteria that are associated with ulcers. And it might be able to secure approval for Zantac to be sold without prescription over the counter (OTC) for acid stomach disorders.

However, other companies have got there first. In the past few weeks, Sweden's Astra has secured approval for an anti-bacterial version of its fast growing ulcer drug Losec, and SmithKline Beecham has launched an OTC version of Tagamet, Zantac's predecessor as world's number one drug.

To tackle the changing US market, Glaxo also plans to collaborate with other healthcare companies, although this is unlikely to be on the same scale as the Merck-Medco deal. A partner further down the distribution chain could promote Zantac, rather than a rival. One possible model is this month's agreement between the distributor Caremark and Bristol Myers Squibb with two other drugs companies. Unlike the Merck-Medco deal, no equity purchase was made.

But it takes time for such alliances to be created and implemented, and the industry acknowledges that the downward pressure on drugs prices, and therefore on sales value and profits, is likely to increase. First Glaxo and then Capoten, Vasotec and Procardia would gradually lose their pre-eminence.

Their places will be taken by new products, some rapidly growing companies such as Sweden's Astra and the most successful of the US biotechnology companies, Amgen. Their drugs may reach the top of the pile before the end of the decade. But by then the drug buyers' emphasis on price and competition could be shaping every part of the industry. The world may never again see four drugs with combined annual sales of $10bn.

Instinet helps Reuters advance 15%

By Andrew Bolger in Geneva

Shares in Reuters Holdings rose 13p to 518p yesterday after the financial information and news group said revenues had increased 15 per cent to £513m ($748m) in the first quarter of 1994, against the same period last year.

The trading information was the first of the statements which Reuters intends to make in April and October, to indicate how the group fared between its annual and interim announcements. About 35 per cent of Reuters shares are held by US investors, who are accustomed to quarterly reporting.

Mr Peter Job, chief executive, said: "When we announced our 1993 results, we felt we could achieve double-digit revenue growth in 1994. We still feel that, and we have no reason to change our expectations of relatively stable margins this year compared to last year."

The main contribution to buoyant transactions revenue in the first quarter was Instinet, the US-based equity brokerage service for institutional investors, which saw growth of 89 per cent. About half of that came from Thamesway, the international institutional broker which Reuters bought in November.

Mr Job was speaking at the Reuters conference in Geneva which saw a preview of the financial TV service for foreign exchange traders Reuters will launch in June.

Reuters will this week fly in 2,500 executives from financial institutions across Europe to its exhibition of financial products.

Mr Job said he was still confident that Quotron, the loss-making business bought from the US bank Citicorp could be returned to profitability.
Lex, Page 16; People, Page 9

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TEMPORARY SUSPENSION OF RIGHTS TO EXERCISE WARRANTS

Founder Warrants

Holders of the 2,652,000 twinned warrants (the "Founder Warrants") to subscribe for shares in Eurotunnel P.L.C. ("EPLC") and in Eurotunnel S.A. ("ESA") (issuable in the form of Units) constituted, in the case of EPLC, by an Instrument dated 1 September 1986 (as amended by Supplemental Instruments dated 4 September 1990 and 24 June 1993) and, in the case of ESA, by a Board resolution dated 13 August 1986 (as amended by Board resolutions dated 4 September 1990 and 24 June 1993) with the approval of the warrantholders given at general meetings held on 3 September 1990 and 23 June 1993 are notified that, in accordance with the provisions of article 174-3 of the French decree dated 23 March 1967 and with the terms and conditions of the Founder Warrants, the Boards of Directors of ESA and EPLC, in connection with a proposed rights issue (the terms of which are to be decided subsequently) resolved on 20 April 1994 to suspend the right to exercise the Founder Warrants with effect from and including 12 May 1994 until, at the latest, 11 July 1994 inclusive. Under the terms and conditions of the Founder Warrants, the suspension will not result in an extension of the subscription period.
A notice will be published at a later date informing Warrantholders of the exact date on which the right to exercise the Founder Warrants will recommence.

1993 Warrants

Holders of the 534,141,299 twinned warrants (the "1993 Warrants") to subscribe for shares in Eurotunnel P.L.C. ("EPLC") and in Eurotunnel S.A. ("ESA") (issuable in the form of Units) constituted, in the case of EPLC, by an Instrument dated 25 June 1993 and, in the case of ESA, by a Board resolution dated 24 June 1993 are notified that, in accordance with the provisions of article 174-3 of the French decree dated 23 March 1967 and with the terms and conditions of the 1993 Warrants, the Boards of Directors of EPLC and ESA, in connection with a proposed rights issue (the terms of which are to be decided subsequently) resolved on 20 April 1994 to suspend the right to exercise the 1993 Warrants with effect from and including 12 May 1994 until, at the latest, 11 July 1994 inclusive. Under the terms and conditions of the 1993 Warrants, the suspension will not result in an extension of the subscription period.
A notice will be published at a later date informing Warrantholders of the exact date on which the right to exercise the 1993 Warrants will recommence.

By order of the Board
S A Walker, FCIS, Secretary
Eurotunnel P.L.C.

The Board of Directors
Eurotunnel S.A.

Price of FFr152 a share set for UAP public offer

By John Ridding in Paris

The French government yesterday announced a price of FFr152 per share for the public offer of the privatisation of Union des Assurances de Paris, the country's largest insurance group.

The price represents a discount of about 7 per cent to yesterday's closing price of FFr164. Analysts said the price was at the lower end of expectations and that the discount reflected the government's concern to implement a smooth sale given the recent weakness of the Paris stock market.

Under the terms of the issue, individual investors will be able to confirm orders for UAP shares from this morning. The subscription period will last until the evening of May 3. In the case of excess demand, the public issue, currently set at 47.3m shares, will receive up to 15 per cent of the shares of the institutional offer.

The pricing of the institutional offer, which also comprises 47.3m shares, will be determined over the next few weeks through a book building process. The price will be announced on May 5.

The sale of the government's 50 per cent stake in UAP should bring more than FFr19bn ($3.25bn), the economics ministry said. In addition to the pricing, the government said that the privatisation of the insurance group would be accompanied by a capital increase of FFr3.46bn.

UAP is the first insurance group to be sold as part of the current privatisation programme. Last month, it announced a 32 per cent increase in net profits to FFr1.42bn for 1993. Mr Jacques Friedmann, chairman, has said he hopes to increase profits by about 30 per cent in each of the next three years.

French insurers, Page 23

ABF held back by gilts fall

By Maggie Urry in London

A £28m ($40.88m) drop in investment income at Associated British Foods to £17m following the fall in the gilt-edged market held interim pre-tax profits growth to £5m, up to £181m, at the bread, flour, biscuits and sugar group.

Interest charges fell from £15m to £13m. The pre-tax profit included a £29m gain on the group's investment in Berisford International, which compared with a £15m gain in 1993. Without that gain profits would have been £9m lower and the share price fell 15p to 583p.

Mr Garry Weston, chairman, said the group's cash pile should be transferred into "something capable of long-term returns greater than from gilts".

AB Foods last week announced a £35m acquisition of J Bibby & Sons' agricultural business and Mr Weston said there could be more such deals. He said it was the sort of acquisition which "pays off quickly" whereas a number of food companies on offer were expensive.

Capital expenditure was £90m, while depreciation was £79m, and would exceed £200m for the year, he said. Even so, without a large acquisition in the second half, cash should be higher at the year end than the £501m in last September's balance sheet, he said.

At the half-year end, net cash stood at £356m, against £283m at the same time in 1993. During the first half AB Foods runs down its cash as it builds up sugar and wheat stocks after harvest.

Operating profits in the 24 weeks to March 5 were 13.1 per cent ahead at £147m, up from £130m, on sales only 1 per cent higher at £2.06bn. Much of the gain came from higher productivity and greater efficiencies, Mr Weston said, including 1,200 job losses in the bakery division.

Pressure from retailers was fierce with supermarket customers getting "a little bit more bad-tempered", he said.

Operating profits from manufacturing rose from £117m to £125m, including a £2m rise at British Sugar to £77m.

Earnings per share were 4.8 per cent higher at 28.5p. The interim dividend is unchanged at 8.5p, and Mr Weston said any increase for the year would be reflected in the second payment.

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Svenska Handelsbanken recovers

By Christopher Brown-Humes in Stockholm

Svenska Handelsbanken underscored the momentum of its recovery from the Swedish banking crisis yesterday by announcing a near four-fold rise in profits for the first quarter.

The bank achieved an operating profit of SKr1.23bn ($155m), compared with a SKr316m surplus in the same period in 1993.

The improvement was entirely due to a 54 per cent cut in credit losses to SKr839m from SKr1.83bn.

Before credit losses the result was marginally worse – a SKr2.07bn profit compared with SKr2.14bn – reflecting subdued lending levels and tighter margins. Overall income fell 1 per cent to SKr3.47bn from SKr3.51bn.

Handelsbanken said credit losses now accounted for just 1.2 per cent of total lending, half the level a year ago. It also said problem credits had fallen sharply to SKr8.48bn at the end of the quarter compared with SKr13.7bn at the end of March 1993. At the end of 1993 problem credits were SKr9.70bn.

The bank's capital adequacy ratio strengthened to 13.1 per cent at the end of the quarter, against 12.9 per cent at the end of 1993.

Norsk Hydro rises to NKr877m in first term

By Karen Fossli in Oslo

Norsk Hydro, the Norwegian energy and fertiliser group, yesterday announced a rise in first-quarter net profit to NKr877m ($119.29m) from NKr506m in the same period last year.

The advance was helped by a positive NKr127m net effect of accounting changes, higher petroleum production and stronger results from the agriculture division.

Higher prices for several of the group's main products and a stronger dollar also contributed to the upturn.

Group operating revenue improved to NKr17.3bn from NKr15.5bn while operating income emerged at NKr1.6bn, against NKr1.5bn. Hydro said that although operating income showed little change, the first-quarter result was stronger than last year's fourth quarter.

The impact of lower crude oil prices was largely offset by increased oil production. The oil price during the quarter was $14 per barrel, compared with $18 a year ago, while petroleum production – of which oil accounted for 77 per cent of total output – rose to 2.9m tonnes of oil equivalent from 2.2m.

Hydro explained that the lower dollar oil price was also partly offset by the higher average dollar exchange rate but the oil price stated in Norwegian kroner for the 1994 first quarter was nevertheless 18 per cent lower than in last year's first quarter.

The company said there was a general underlying improvement in the economies of main markets.

For the group's individual segments, agriculture lifted first-quarter operating income to NKr430m from NKr257m as sales rose to NKr7.6bn from NKr7.4bn.

The oil and gas division saw operating income fall to NKr863m from NKr902m as sales increased to NKr3.7bn from NKr3.6bn.

Petrochemicals boosted operating income to NKr133m from NKr112m as sales rose to NKr1.2bn from NKr1.1bn.

Thomson-CSF accounts delayed

By Alice Rawsthorn in Paris

Thomson-CSF, the defence electronics subsidiary of Thomson, the state-controlled French electronics group, is being forced to delay the publication of its 1993 accounts as a result of the difficulties of Crédit Lyonnais, the ailing bank in which it is a minority investor.

Crédit Lyonnais, which is in dire financial straits after years of aggressive expansion, last month announced that it had made a FFr6.9bn ($1.18bn) net loss for 1993 and disclosed details of a FFr44.9bn emergency financial restructuring package, including a FFr4.9bn capital increase and the transfer of FFr40bn of non-performing property loans to a new shell company.

Mr Alain Gomez, chairman of Thomson, is understood to have taken a tough stance in negotiations with the government over Thomson-CSF's involvement with the rescue.

The Thomson holding company will contribute FFr1.2bn towards the capital increase. However, Thomson-CSF has been left with a FFr1.5bn loss for 1993 due to its 21.56 per cent stake in Crédit Lyonnais. It will have to participate in providing guarantees for the new shell property company.

The value of its participation in the guarantees has been estimated at FFr1.8bn, but has not yet been finalised. As a result, Thomson-CSF has decided to delay publication of its 1993 results, originally due to come out last Thursday, until it has assessed the full impact of its involvement in the Crédit Lyonnais rescue.

Thomson-CSF warned shortly after the announcement of the Crédit Lyonnais rescue plan that it would fall into the red in 1993 because of its share of the bank's losses. The company, which made a net profits of FFr1.52bn in 1992, said its own businesses had produced "very good" operating profits last year.

Mr Philippe Mouthon, an analyst at Société Générale in Paris, estimated that Thomson-CSF would make a net loss of FFr2.2bn for 1993 and come back into the black with net profits of FFr1.12bn this year.

Alain Gomez: taken tough stance on bank rescue package

Crédit Lyonnais's management is pressing ahead with the implementation of the rescue package. Mr Jean Peyrelevade, chairman, told L'Agéfi, the French financial daily, he hoped to complete the capital increase by the end of June.

Ascom slides deeper into the red

By Ian Rodger in Solothurn, Switzerland

Ascom, the deeply troubled Swiss telecommunications equipment group, has revealed a loss of SFr336.7m ($233.8m) for 1993, compared with a SFr46.4m loss last time.

The directors admitted the group, formed by a merger of three protected domestic suppliers in 1987, had made a significant strategic mistake in trying to become internationally competitive in too many product areas.

"We have too wide a product range," Mr Fred Sutter, chief executive, said at the group's annual press conference.

The dash for growth detracted from the important task of unifying management from the predecessor companies, so when in 1992 many operations turned sour and liberalisation cut into sales to the Swiss PTT, Ascom was slow to retrench. The result last year was an operating loss of SFr130m and rationalisation costs of SFr139m.

Last December, the former chief executive, Mr Leonardo Vannotti, was sacked. In January, the finance director quit and in February, Mr Heinz Frey, the chairman, said he would stand down in May.

So far, no successor has been found for Mr Frey, and some analysts have suggested that Ascom's most likely fate is to be broken up.

Mr Sutter insisted yesterday that the group had a future following the closure or sale of some lossmaking businesses and the planned creation of joint ventures in mobile radios with Bosch of Germany and in public switching systems with L. M. Ericsson of Sweden.

Ascom could then focus on its internationally competitive product lines – telephone sets, in-house networks for companies and service automation machinery, such as payphones and bank cash dispensers.

He said the group would break even this year at the operating level and achieve a net profit of between 1 per cent and 2 per cent of sales in 1995.

Sales, down 6.3 per cent last year to SFr3.16bn, would continue to decline, to SFr2.5bn this year and to between SFr2bn and SFr2.5bn next year, depending on the timing of the formation of the two joint ventures in which Ascom would be the minority partner.

Advance for associates in LVMH

By Alice Rawsthorn

Agache and Au Bon Marché, two French companies associated with Mr Bernard Arnault and his LVMH luxury goods group, yesterday reported healthy increases in profits for last year.

Agache, which was Mr Arnault's original investment vehicle and is the holding company through which he controls the network of businesses with stakes in LVMH, last year increased net profits by 35 per cent to FFr368m ($63.12m).

Turnover rose by 9.8 per cent to FFr27.6bn. Agache benefited in 1993 from a FFr348m exceptional credit on its share of the proceeds of LVMH's sale of the RoC skin care business.

Au Bon Marché, which has retail interests including the Bon Marché department store in Paris as well as a large minority stake in LVMH, saw net profits rise 15 per cent to FFr653m. The net dividend is going up rises to FFr16 from FFr15.50.

The company, one of the businesses that is financing Mr Arnault's recent efforts to unravel LVMH's cross-shareholding agreement with the Guinness drinks group, received a FFr362m exceptional credit on the RoC sale.

Discount for PTT private investors

By Ronald van de Krol in Amsterdam

Shares in Koninklijke PTT Nederland, the state-owned Dutch telecom and postal group which is being partially privatised in June, will be offered to private investors at a 5 per cent discount to the price paid by institutional investors.

Private investors will also be given preferential treatment in the allocation of shares.

The Dutch state and ABN Amro, the lead manager of the issue, said yesterday that the 5 per cent discount will apply to allotments of up to 75 shares. The price of the shares and the exact timing of the issue have not yet been disclosed.

In practice the 5 per cent discount will mainly benefit Dutch private investors, as private investors in many other parts of Europe will be barred from taking part by local laws and regulations. The shares will not be sold in the retail markets in the US or Japan.

Roadshows, mainly in Europe and the US, will take place in the second half of March, the bank said.

The government is expected to sell an initial stake of around 30 per cent in a transaction which analysts estimate will be worth at least Fl 5bn ($2.62bn). The flotation will be the largest in Dutch history.

KVÆRNER

Notice of General Meeting

The Annual General Meeting of Kværner a.s will be held on Friday 6 May at 1400 in Kværner's offices at Hoffsveien 1, Oslo. Ballot papers will be issued at the above address between 1300 and 1400 on the day of the meeting.

The agenda will be as follows:

1. **Report by the Group President.**
2. **To consider and adopt the Profit and Loss Accounts for 1993 and the Balance Sheet at 31 December 1993 for Kværner a.s and for the Group.**
3. **To consider the allocation of the result after taxes according to the adopted Profit and Loss Account, and the distribution of dividend.**
   The Board proposes a dividend of NOK 5.50 per share for 1993, to be credited to the company's shareholders on the date of the General Meeting and to be paid on 25 May 1994.
4. **To consider a proposal that the Board be authorised to increase the share capital by up to NOK 37,500,000.**
   It is proposed that the Board be authorised to increase the share capital by up to NOK 37,500,000 consisting of up to 3,000,000 shares of NOK 12.50 par value. The authority is to be exercised in connection with any full or partial acquisition of or merger with other businesses, and comprises thus a capital increase against payment otherwise than in money. The Board's authority will apply to all share classes, and includes allotment of the new shares within the existing share classes and stipulation of the subscription price. The shareholders waive their preferential right to subscribe under Section 4-2 of the Joint Stock Companies Act. The authority is valid until the Ordinary General Meeting in 1995, and includes the right to amend Article 3 of the Articles of Association.
5. **To consider proposals to amend the Articles of Association.**
   From 1 January 1995, discrimination against individuals, companies and so forth from the European Economic Area on the basis of nationality will be prohibited under the terms of the EEA agreement. It is thereby proposed to repeal the requirement in Article 3 of the Articles of Association that confines the sale of restricted A shares to Norwegian citizens, companies and so forth, and to merge the restricted A and free A shares into a single share class, so that the second and third paragraph of Article 3 will read as follows:
   "The Company's shares are divided into:
   – 33,699,930 A shares amounting to NOK 421,249,125
   – 9,648,634 B shares amounting to NOK 120,607,925
   The B shares have no voting rights. In the event of pro rata capital expansion in each class of shares, members shall only have pre-emptive purchase rights for shares in the class in which they already hold shares."
   The first and final paragraphs of Article 3 remain unchanged.
   As a consequence of the ban on discrimination in the EEA agreement, it is proposed to repeal the second sentence in Article 5 of the Articles of Association: "A majority of Directors, including the Chairman, shall be Norwegian citizens." The rest of Article 5 remains unchanged.
   It is proposed that the amendments to Articles 3 and 5 will take effect on 1 January 1995.
   As a result of new stock exchange rules, it is proposed that the first sentence in Article 7 be amended to read as follows: "Notification of the General Meeting shall be by announcement in *Aftenposten* and *Dagens Næringsliv*, and by letter to all shareholders whose address is known, with at least eight (8) days notice." The rest of Article 7 is unchanged.
6. **To elect a Director to serve until the Ordinary General Meeting in 1995.**
   Frithjof A Lind is stepping down from the Board after reaching retirement age.
7. **To determine the remuneration of the Board of Directors.**
8. **To approve the Auditor's fee for 1993.**

The Annual Report, including the Financial Statements and Auditor's Report and the Articles of Association have been sent to the shareholders, enclosed with this notice. The Annual Report and this Notice are also available for inspection at the offices of Kværner a.s at Hoffsveien 1, Oslo. Shareholders may call +47 22 96 70 00 for copies.

Shareholders wishing to attend the General Meeting, either personally or by proxy, must give notice of this in writing to Kværner a.s care of Den norske Bank AS Verdipapir-service, PO Box 1171 Sentrum, N-0109 Oslo. Such notice must be received not later than Monday 2 May 1994. Shareholders may, if they wish, appoint Kaspar K. Kielland, Chairman of the Board, or Erik Tønseth, Group President, to act on their behalf.

Oslo, 20 April 1994
The Board of Directors Kværner a.s

Kværner a.s

SAFRA REPUBLIC HOLDINGS S.A.

LUXEMBOURG

NOTICE IS HEREBY GIVEN by the Board of Directors of the Company that the Annual General Meeting of Shareholders of SAFRA REPUBLIC HOLDINGS S.A. ("SRH") will be held at the Hôtel Royal, 12, Boulevard Royal, Luxembourg,

on May 11, 1994 at 11.00 a.m.

for the purpose of considering and voting on the following matters:

1. Chairman's Statement.
2. Statutory Auditors' Report.
3. Approval of the unconsolidated financial statements of the parent company only, for the year ended December 31, 1993.
4. Discharge of the Directors and of the Statutory Auditors concerning their duties relative to the year ended December 31, 1993.
5. Approval of the proposed reduction of US$ 1,131,633 to the reserve for treasury shares.
6. Approval of the proposed distribution of a dividend of US$ 2.75 per common share and carrying forward of the balance of the profit.
7. Election of the Board of Directors and of the Statutory Auditors for a new one year term. All the Directors are eligible and stand for re-election.
8. Approval of the consolidated financial statements of the Company for the year ended December 31, 1993.
9. Approval of a proposal to create an Executive Committee of the Board to comprise Directors.
10. Approval of a proposal to change the dividend policy of the Company to make interim dividend payments.
11. Authorisation to the Board of Directors to allow the Company to purchase up to 10% of common stock in open market transactions to be held in treasury.
12. Miscellaneous and individual proposals.

The Board of Directors

NOTES:

Any shareholder whose shares are in bearer form and who wishes to attend the Annual General Meeting must produce a depositary receipt or present his share certificates to gain admission.

A shareholder wishing to be represented at the meeting must lodge a proxy, duly completed, together with a depositary receipt at the registered offices of SRH at 32, Boulevard Royal, Luxembourg, not later than May 9, 1994 at 5 p.m. The shareholder may obtain the depositary receipt and if required, the form of proxy, from any of the banks listed below by lodging the share certificates at their offices or by arranging for the bank by whom his certificates are held to notify any of the banks listed that shares are so held.

Any shareholder whose shares are registered will receive a notice of the Annual General Meeting at his address on the register, together with a form of proxy for use at the meeting. The proxy should be lodged at SRH's offices in accordance with the above instructions.

The remittance of the form of proxy will not preclude shareholders from attending in person and voting at the meeting if they so desire.

All the resolutions covered by the Agenda may be passed by a simple majority of all shares represented at the meeting.

Shareholders may obtain copies of the documentation listed hereunder:

1. This notice
2. The 1993 Annual Report including the Chairman's Statement, the Statutory Auditors' Report, the consolidated and parent company only unconsolidated financial statements

at the Company's registered office and from any of the banks at the following addresses:

* Union de Banques Suisses, Bahnhofstrasse 45, 8021 Zurich.
* Union de Banques Suisses (Luxembourg) S.A., 36-38 Grand-Rue, 2011 Luxembourg
* Republic National Bank of New York, 30 Monument Street, London EC3R 8NB
* Republic National Bank of New York (Suisse) S.A., 2, place du Lac, 1204 Geneva
Republic National Bank of New York (Suisse) S.A., Via Canova 1, 6900 Lugano
Republic National Bank of New York (Suisse) S.A., Stockerstrasse 37, 8002 Zurich
* Republic National Bank of New York (Luxembourg) S.A., 32, Boulevard Royal, 2449 Luxembourg
Republic National Bank of New York (France), 20, place Vendôme, 75001 Paris
Republic National Bank of New York (France), 2, avenue Montaigne, 75008 Paris
Republic National Bank of New York (France), Sporting d'Hiver, 2, avenue Princesse Alice, 98006 Monte Carlo
Republic National Bank of New York (Guernsey) Ltd, Sarnia House, Le Truchot, St. Peter Port, Guernsey, Channel Islands
Republic National Bank of New York (Gibraltar) Ltd, Neptune House, Marina Bay, Gibraltar

* Paying Agent of Safra Republic Holdings S.A.

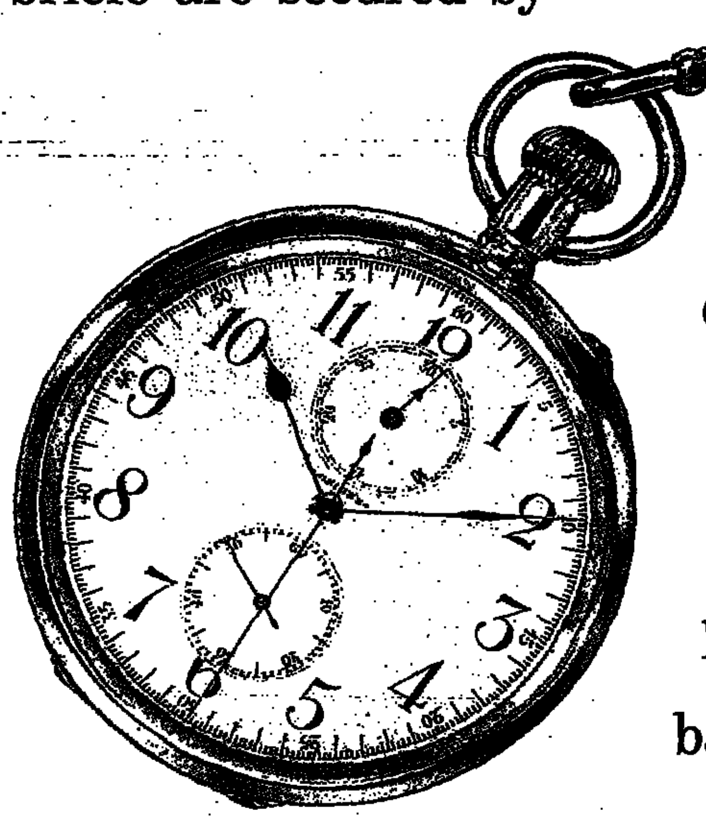
THE GERMAN PFANDBRIEF

SOLID VALUE FROM THE GROUND UP

Understanding what makes good investment instruments tick is not always easy, but it's not hard to see why German Pfandbriefe – bonds issued to refinance mortgages and public loans – rank among today's top D-Mark investments. Consider these simple facts: First, Germany's 26 private mortgage banks pay Pfandbrief investors a daily average of DM 100,000,000 in interest, an amount generated by a time-tested system that accounts for 40% of all bonds outstanding in Germany. Second, German Pfandbriefe usually provide higher yields than German Treasury bonds (Bunds) while offering equivalent safety. Third, no investor has ever failed to receive 100 % repayment on a German Pfandbrief held to maturity.

The only thing complicated about Pfandbriefe in Germany are the regulations of the Mortgage Bank Act that are designed to ensure asset quality for investors. For instance, Pfandbriefe are secured by mortgages or by public-sector loans. They must be covered by separate funds with at least identical yields and maturities. What's more, Pfandbrief issues are monitored by a state-designated trustee. And the banks are fully liable for each issue.

These and other legal requirements make Pfandbriefe attractive to investors seeking safety. And they are easy to buy. Pfandbriefe can be purchased at any mortgage bank or commercial bank in Germany, or their correspondents abroad.



German Pfandbriefe are officially quoted on German stock exchanges. Issuers actively *maintain a well-functioning secondary market.*

WE PAY PFANDBRIEF INVESTORS AN AVERAGE OF DM 100,000,000 IN INTEREST. EVERY DAY.

GERMANY'S MORTGAGE BANKS

DEPFA-BANK, WIESBADEN
BAYERISCHE VEREINSBANK AG, MÜNCHEN
HYPO-BANK, MÜNCHEN
DEUTSCHE HYPOTHEKENBANK FRANKFURT AG, FRANKFURT
RHEINHYP, FRANKFURT
DEUTSCHE GENOSSENSCHAFTS-HYPOTHEKENBANK AG, HAMBURG
FRANKFURTER HYPOTHEKENBANK AG, FRANKFURT
DEUTSCHE CENTRALBODENKREDIT-AG, KÖLN
BAYERISCHE HANDELSBANK AG, MÜNCHEN

WESTHYP, DORTMUND
BERLIN HYP, BERLIN
SÜDDEUTSCHE BODENCREDITBANK AG, MÜNCHEN
MÜNCHENER HYPOTHEKENBANK EG, MÜNCHEN
HAMBURGHYP, HAMBURG
WÜRTTEMBERGER HYPO, STUTTGART
NÜRNBERGHYP, NÜRNBERG
HYPOTHEKENBANK IN ESSEN AG, ESSEN
DEUTSCHE HYPOTHEKENBANK (ACT.- GES.), HANNOVER

BRAUNSCHWEIG-HANNOVERSCHE HYPOTHEKENBANK AG, HANNOVER
ALLGEMEINE HYPOTHEKEN BANK AG, FRANKFURT
RHEINBODEN HYPOTHEKENBANK AG, KÖLN
LÜBECKER HYPOTHEKENBANK AG, LÜBECK
NORDHYPO BANK, HAMBURG
BFG-HYPOTHEKENBANK AG, FRANKFURT
WL-BANK, MÜNSTER
HYPOTHEKENBANK IN BERLIN AG, BERLIN

This announcement appears as a matter of record only. April 1994

Merloni Elettrodomestici spa

U.S. $100,000,000

Revolving Credit Facility

Joint Arrangers

Banca di Roma SpA — Swiss Bank Corporation

Union Bank of Switzerland

Lead Managers

Banca Commerciale Italiana SpA — Banco di Napoli SpA

Banca di Roma SpA — BHF-BANK

Midland Bank plc — Swiss Bank Corporation

Union Bank of Switzerland

Managers

Banco di Sicilia SpA London Branch — Banco Espirito Santo

Bank Hapoalim (Switzerland) Ltd — Bank of Scotland

Banque Nationale de Paris — Creditanstalt-Bankverein

The Fuji Bank, Limited — Lloyds Bank Plc

The Sumitomo Bank, Limited — VIA Banque

Co-Managers

Banque et Caisse d'Epargne de l'Etat, Luxembourg — ABN AMRO Bank N.V.

Banca Nazionale dell' Agricoltura SpA London Branch — Banca Nazionale del Lavoro SpA London Branch

Banco Bilbao Vizcaya S.A. Brussels Branch — Hambros Bank Limited

Istituto Bancario San Paolo di Torino SpA London Branch — Monte dei Paschi di Siena London Branch

National Bank of Abu Dhabi

Conduit Bank Banca di Roma London Branch — *Agent* Swiss Bank Corporation

BANCA DI ROMA GRUPPO CASSA DI RISPARMIO DI ROMA — Swiss Bank Corporation — Union Bank of Switzerland

Scholtes — ARISTON — indesit

INTERNATIONAL COMPANIES AND FINANCE

Forte's higher bid for Meridien is not the whole story, writes **Michael Skapinker**

Accor argues the logic of the lower bid

Over the 27 years since they opened their first Novotel in Lille, Mr Gérard Pélisson and Mr Paul Dubrule, joint chairmen of the Accor hotels-to-luncheon vouchers group, have developed the disconcerting habit of finishing one another's sentences.

Mr Pélisson takes the lead enthusing about the growing market for company canteen meals in Latin America. Mr Dubrule explains why Accor agreed earlier this year to merge its business travel interests with those of Carlson of the US, rather than with American Express.

Both talk with equal animation, however, about why they rather than rivals Forte of the UK should be allowed to buy the Meridien hotel chain, 57 per cent owned by Air France.

When the Air France board meets on Thursday, financial logic dictates that Forte should be the preferred candidate. Its offer reportedly values Meridien at FFr1.8bn ($310m) compared to Accor's offer, thought to value the chain at FFr1.6bn.

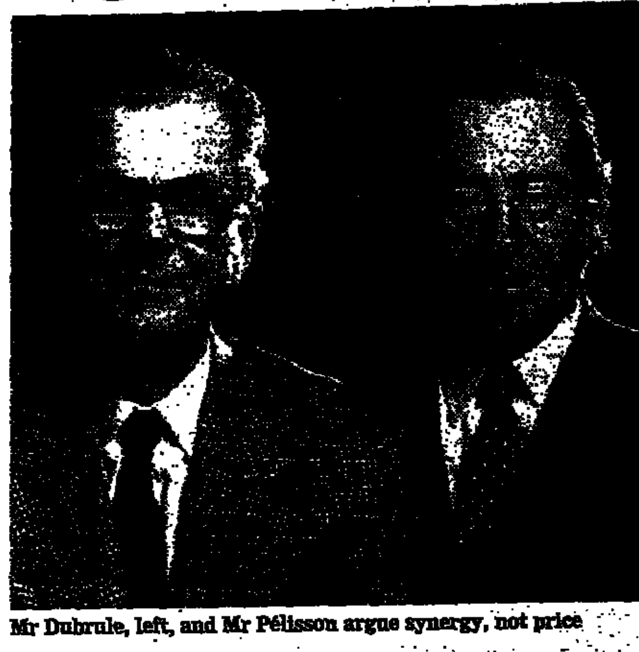
Mr Jean-Didier Blanchet, Meridien's chairman, has publicly backed Forte's bid.

Air France is expected to announce a loss of FFr9bn for 1993 and is seeking European Union approval for a French government cash injection of FFr20bn over the next three years. Some might find it difficult to see how the company could argue its case for more money in Brussels if it accepted the lower Accor offer; Mr Dubrule and Mr Pélisson disagree.

They do not quite argue that they should be allowed to buy Meridien simply because they are French. A naked appeal to French patriotism would be difficult to sustain because all – or nearly all – the money Accor is offering is being put up by Prince Al Waleed of Saudi Arabia.

Accor would own 51 per cent of a joint company, with the prince owning the rest. Together, they are believed to be bidding for 40 per cent of Meridien. Accor would inject about half of its 101 upmarket Sofitel hotels into the joint company, along with its management skills.

> The leadership of the Meridien hotel chain, 57 per cent-owned by Air France, yesterday said they would prefer their company to be taken over by Forte of the UK rather than by Accor of France or Kempinski of Germany.
>
> Forte and Accor are regarded as front-runners to buy all or part of Meridien. Kempinski is seen as an outsider.
>
> Mr Jean-Didier Blanchet, Meridien's chairman, said the company's executives had reviewed the three groups' business plans: "By a vast majority they are convinced that Forte is the best possible way to go for the future of Meridien."



Mr Dubrule, left, and Mr Pélisson argue synergy, not price

Mr Dubrule and Mr Pélisson's central argument is that, although it is offering less money, Accor could do more to ensure Air France's future than Forte. They argue that Accor, with its hotel and business travel interests, could provide Air France with more air travel and package bookings than Forte.

Mr Pélisson points out that Accor's Paris offices are 200 metres away from Air France's. He says: "Most of their people have the same origins as ours." Mr Dubrule continues: "It's easier to work with your neighbours than with someone else. Forte's partner should be BA; our normal partner is Air France."

He says the European Commission should not be concerned about Air France accepting less money. Mr Pélisson continues: "What is most important for Air France is that we can do much more to help it recover in the future."

The co-chairmen have another objection to the Forte bid: it is offering too much money. Last year, a French bank valued Meridien at only FFr1.2bn. Isn't that something for Forte to worry about rather than Accor? Mr Pélisson says it is something for Air France to worry about, since Meridien will require investment of up to FFr2bn over the next five years. How would Forte pay for that expansion?

But then how would Accor, whose net income fell to FFr615m last year from FFr802m in 1992? Prince Al Waleed and his associates will fund the expansion, Mr Pélisson says.

Accor itself has other expansion plans. The tie-up with Carlson will create the world's biggest business travel company. Latin America's growing economies present opportunities for selling business services. The group has a 24 per cent interest in Accor Asia Pacific, a Sydney-based company which runs Accor hotels throughout Asia. The demand for reasonably-priced hotels in China and India will be huge.

If Accor's Meridien bid fails, the group has plenty of other interests to pursue, the chairmen say.

Texaco down 28% in first quarter

By Patrick Harverson in New York

Texaco, the US oil group, yesterday reported a 28 per cent decline in consolidated first-quarter net income to $202m, or 69 cents a share, as sharply lower crude oil prices offset efficiency improvements, costs reductions and increased oil production levels.

The group's quarterly earnings were restated to account for the sale of Texaco Chemical to Huntsman Corporation, concluded last week.

If income from the chemical operation was included in the results, Texaco would have earned $278m in the quarter, still slightly below last year's profit of $281m.

Upstream exploration and production earnings were almost halved to $120m in the wake of declines in crude oil prices of more than $4 per barrel in the US market, and more than $3 per barrel internationally. However, upstream earnings were buoyed by an increase in natural gas prices.

Earnings from downstream manufacturing and marketing operations, which traditionally benefit from cheaper oil, rose to $208m, up from $171m a year earlier.

The group said margins rose in the US market, where the introduction of its new Clean-System gasoline product boosted domestic sales. Downstream earnings overseas were lifted by increased sales in Latin America and higher margins in Brazil.

Capital and exploratory expenditures during the quarter rose 17 per cent to $624m as overall spending on both upstream and downstream operations increased, particularly on drilling on developmental gas projects in the US.

Overseas upstream expenditures fell, primarily because successful project completions in the North Sea oilfields continue to feed through into higher production volumes.

Although corporate overheads were lower in the quarter, higher after-tax interest expenses pushed up corporate and non-operating expenses from $99m to $120m.

The results had little impact on Texaco's share price, which eased $⅛ to $64⅞ on the New York Stock Exchange.

Finland plans to cut stake in Finnair

By Christopher Brown-Humes in Stockholm

Finland's government is to seek parliamentary approval to cut state ownership of Finnair, the national airline, to as little as 50.1 per cent. The move would be in line with the country's privatisation programme, which aims to widen ownership in a large number of state-owned companies.

The state owns 72 per cent of Finnair, although the figure will fall to 68 per cent on full dilution. The government says it wants to retain a majority stake in the airline for the moment.

Approval of the scheme would enable Finnair to issue new shares to private investors when market conditions allow.

The airline itself is in better shape, thanks to cost-cutting and the fall in the value of the markka.

It made FM89.8m ($16m) profit in the six months ended September 1993, compared with a loss of FM197m in the same period of 1992. It has said it expects full-year losses to halve from FM415m.

Astra in tie-up with Japanese company

By Christopher Brown-Humes

Astra, the Swedish drugs group, has signed a long-term co-operation pact with Mitsubishi Kasei Corp (MKC), a leading Japanese chemicals group which is looking to strengthen its pharmaceuticals business.

The move is designed to bolster Astra's position in its key markets of Europe, Australia and New Zealand from the turn of the century, when the Japanese group's projects are expected to reach the clinical trial phase. It will also enable Mitsubishi Kasei to build up its pharmaceutical businesses outside Japan.

MKC's pharmaceutical research and development has been concentrated on the cardiovascular, gastrointestinal and central nervous system areas. Although these are also Astra's specialities, the Swedish group stresses there has been little overlap in research areas. It is therefore expecting the collaboration to complement its own efforts.

Under the accord, Astra has acquired the right to develop and market selected MKC pharmaceuticals in Europe, Australia and New Zealand, either exclusively or jointly with the Japanese company.

"The agreement covers all of Mitsubishi Kasei's current research projects as well as future projects which reach the clinical trial phase by the turn of the century," the Swedish company said.

■ NEC's sales of personal computers in Japan increased 25 per cent from a year earlier to 740,000 units in the second half of year ended March 31, Reuter reports from Tokyo.

NEC estimated total 1993-94 sales of PCs in Japan at 1.37m units, up 10 per cent on the previous year.

HAGEMEYER N.V.
registered office in Amsterdam

Announcement to the shareholders

Hagemeyer N.V. announces that the cash portion of the 1993 optional stock dividend to be proposed to the General Meeting of Shareholders on April 27, 1994 will be NLG 0.60.

The annual General Meeting of Shareholders will be asked to approve a dividend for 1993 of NLG 3.24 per share. At the discretion of shareholders this dividend may be paid either entirely in cash, or in the above cash amount of NLG 0.60 plus a stock dividend. The stock dividend of 1/50 or 2.0% of a Hagemeyer ordinary share of NLG 10 nominal value, will be paid, as desired, either from the share premium account, or from the retained earnings.

Naarden, April 21, 1994

HAGEMEYER

DATASHIELD now part of SOGERIS GROUPE — Leaders in European Disaster Recovery Services

1993 RESULTS

Turnover : + 41,5 % - Net Profit (after tax) : 13,6 %

Consolidated figures in thousands FRF.	1992	1993	Variation 93/92
• Turnover	75.715	107.157	+ 41,5 %
• Profit on ordinary activities before taxation	24.485	23.881	- 2,6 %
• Net profit (Group share)	15.103	14.574	- 3,5 %
• Cash Flow	26.536	28.561	+ 7,6 %
Dividend per share (in FRF)	2.2	2,6	+ 18 %

SOGERIS is a group of computer services companies quoted on the Paris Stock Exchange. The European leader in Disaster Recovery services, also operating in consultancy and clientserver applications, the Group is represented in the United Kingdom by its subsidiary DATASHIELD Limited, a company which acquired in 1993 the "disaster recovery" activities of DATA SCIENCES Limited.

Meeting on the 3rd March 1994, the Board of Directors presided over by Victor AMARA announced and agreed the results for the fiscal year ending 31st December 1993.

In 1993 the Group achieved external growth through a number of acquisitions which will reinforce its position with the setting up of DATASHIELD Limited in the UK and SOGERIS BENELUX, a major player, in Belgium. The three operations in Belgium, France and the UK will be interconnected in 1994.

1994 PROSPECTS

In 1994, the result of integrating the various acquisitions will bring total turnover to around 180 Million FRF.

GROUPE SOGERIS - 16, rue Chauveau Lagarde - 75008 Paris Tél.: (33.1) 42.66.48.40 - Fax: (33.1) 42.66.34.40

Notice of Redemption
Auto Funding PLC
Class A Floating Rate Notes due 1996

NOTICE IS HEREBY GIVEN to the holders of the Class A Floating Rate Notes due 1996 (the "Class A Notes") of Auto Funding PLC (the "Issuer") pursuant to the Trust Deed dated 29th November, 1991 (as amended) between the Issuer and The Law Debenture Trust Corporation p.l.c., as Trustee, and the Agent Bank Agreement dated 29th November, 1991 between the Issuer and Union Bank of Switzerland (the "Agent Bank") and others that the Issuer has determined, in accordance with the Redemption provisions set out in the Terms and Conditions of the Class A Notes, that Available Redemption Funds (as defined in the Terms and Conditions) in an amount of £29,000,000 exist and will be utilised on 29th April, 1994 (the "Redemption Date") to redeem (at their principal amount) an equivalent amount of Class A Notes. The Class A Notes to be redeemed have been selected in accordance with the rules and procedures of Euroclear and CEDEL.

AUTO FUNDING PLC
By: Union Bank of Switzerland
As Agent Bank
22nd April, 1994

ALLIANCE & LEICESTER
Alliance & Leicester Building Society
£38,000,000
Subordinated Floating Rate Notes due 1998

For the six months 21st April, 1994 to 21st October, 1994 the Notes will carry an interest rate of 6.20% per annum with an interest amount of £31,084.93 per £1,000,000 Note, payable on 21st October, 1994.

Listed on the Luxembourg Stock Exchange.

Bankers Trust Company, London Agent Bank

Nationwide
£80,000,000
Subordinated Floating Rate Notes due July 1998

For the three months 21st April, 1994 to 21st July, 1994 the Notes will carry an interest rate of 5$\frac{15}{32}$% per annum with a coupon amount of GBP 148.03 per GBP 10,000 Note, payable on 21st July, 1994.

Nationwide Building Society
(Incorporated in England under the Building Societies Act 1986)
Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London Agent Bank

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Additional Price for Trading on 26.04.94: Pool purchase price £/MWh	Final Prices for Trading on 25.04.94: Pool purchase price £/MWh	Pool selling price £/MWh
0030	11.00	10.78	10.79
0100	11.18	10.65	10.65
0130	11.20	10.88	10.89
0200	11.59	10.97	10.97
0230	12.17	15.64	15.64
0300	12.17	15.84	15.84
0330	11.82	15.63	15.63
0400	11.18	15.60	15.60
0430	11.17	10.88	10.88
0500	11.15	10.83	10.83
0530	11.16	10.98	10.98
0600	11.17	10.89	10.89
0630	11.20	16.75	16.75
0700	17.57	16.75	16.75
0730	21.38	20.16	23.52
0800	36.15	17.92	21.29
0830	38.29	20.17	23.54
0900	38.30	20.17	23.54
0930	38.35	20.16	23.53
1000	38.30	20.16	23.53
1030	38.27	20.16	23.53
1100	36.22	17.92	21.28
1130	24.82	17.92	21.28
1200	24.84	20.16	23.53
1230	24.80	20.16	23.53
1300	24.70	20.16	23.52
1330	23.64	17.91	21.27
1400	23.44	17.91	21.27
1430	22.68	16.14	19.50
1500	22.68	16.14	19.50
1530	22.68	16.14	19.50
1600	22.71	16.14	19.50
1630	28.53	17.91	21.27
1700	35.88	17.91	21.27
1730	35.83	17.91	21.27
1800	35.76	17.91	21.27
1830	22.47	16.14	19.50
1900	21.33	15.70	15.70
1930	19.94	15.75	15.75
2000	19.94	16.14	19.50
2030	28.52	15.67	18.93
2100	32.49	16.14	19.50
2130	32.48	16.14	19.50
2200	32.49	16.14	19.50
2230	28.53	15.70	15.70
2300	17.57	15.62	15.62
2330	11.35	10.89	10.89
2400	11.08	10.83	10.83

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SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY

US $500,000,000
Guaranteed Floating Rate Notes 1996

Notice is hereby given that the rate of interest for the initial period 22nd April 1994 to 22nd July 1994 has been fixed at 4.25 per cent. Interest will amount to US$107.43 per US $10,000 Note, US $1,074.31 per US $100,000 Note and US $10,743.06 per US $1,000,000 Note, and will be payable on 22nd July 1994 against Coupon No: 1.

Hambros Bank Limited
Agent Bank

RAND MINES LIMITED
DIVIDEND DECLARATION

The directors have declared dividend No. 109 as a final dividend in respect of the year ended 30 September 1994 as follows:

Amount (South African currency)	23 cents per share
Last day to register for dividend (and for changes of address or dividend instructions)	13 May
Register of members closed from to (inclusive)	14 May 22 May
Shares trade ex-dividend in Johannesburg and London	16 May
Currency conversion date for sterling payments to shareholders paid from London	26 May
Dividend warrants posted	6 June
Payment date of dividend	7 June
Rate of non-resident shareholders' tax	15 per cent

Holders of share warrants to bearer are notified that the dividend is payable on or after Tuesday, 7 June 1994 upon presentation of coupon No. 113.

The full conditions of payment of this dividend may be inspected at or obtained from the offices of the share transfer secretaries in Johannesburg or the offices of the United Kingdom registrars, transfer and paying agents in Beckenham, Kent.

By order of the board
Randcoal Services Limited
Secretaries per
J. W. GOATCHER
25 April 1994

REGISTERED OFFICE:
Randcoal House
21 Chaplin Road
Illovo 2196
(P. O. Box 78961, Sandton 2146)

UNITED KINGDOM SECRETARIES:
Viaduct Corporate Services Limited
19 Charterhouse Street
London EC1N 6QP.

UNITED KINGDOM REGISTRARS:
Barclays Registrars
Bourne House, 34 Beckenham Road,
Beckenham, Kent BR3 4TU

(Incorporated in the Republic of South Africa)
Registration No. 01/00656/06

RAND MINES

U.S. $75,000,000
SWEDBANK
(Sparbankernas Bank)
Subordinated Floating Rate Notes due 1997

Notice is hereby given that for the three months Interest Period from April 26, 1994 to July 26, 1994 the Notes will carry an Interest Rate of 4.5% per annum. The interest payable on the relevant interest payment date, July 26, 1994 will be U.S. $2,843.75 and U.S. $113.75 respectively for Notes in denominations of U.S. $250,000 and U.S. $10,000. The sum of U.S. $113.75 will be payable per U.S. $10,000 principal amount of Registered Notes.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank
April 26, 1994
CHASE

SOCIETE GENERALE
USD 372.000.000
SUBORDINATED FLOATING RATE NOTES DUE 1998

For the period April 25, 1994 to October 25, 1994 the new rate has been fixed at 5,175 % P.A.
Next payment date: October 25, 1994
Coupon nr: 13
Amount: USD 26306,25 for the denomination of USD 1 000 000

THE PRINCIPAL PAYING AGENT SOGENAL
SOCIETE GENERALE GROUP
15, Av. E. Reuter
LUXEMBOURG

صكرا من الامل

Kmart warns of further declines in first quarter

By Richard Tomkins in New York

Kmart, the US discount store group that has been struggling to compete with its more successful rival Wal-Mart, yesterday warned that first-quarter earnings would be even worse than the dismal results reported for the same period last year.

It said lower-than-expected sales were to blame. Its specialty retailing operations had performed strongly, it said, but not well enough to outweigh a profits shortfall in the discount store division.

Earnings from continuing retail operations for the quarter to April 27 would be "well below" the 12 cents a share earned in the comparable quarter, the company said. The latter figure has been restated to exclude the loss-making Pace Membership Warehouse and PayLess Drug Store business, now sold.

Kmart said it expected to report improved earnings for 1994 as a whole. But since the company plunged into net losses of $947m last year, this failed to console the stock market, and the shares fell by $1¼ to $17⅞, in early trading.

Kmart, once the world's biggest retailer, has suffered five years of stagnant earnings largely as a result of its inability to defend its market against the rise of Wal-Mart.

One of its weaknesses has been inefficient inventory control that has resulted in excess stocks of goods that customers do not want to buy. That in turn has led to the need for big mark downs to dispose of the unwanted goods.

Mr Joseph Antonioni, chairman and chief executive, said one factor contributing to the poor sales figures had been inventory adjustments over the past six months, including the elimination of more than 10,000 slow-selling items in the hardline and fashion merchandise categories.

Mr Antonioni said Kmart had completed a year-long assessment of merchandising and store productivity.

"We plan to begin to implement some parts of the merchandising initiatives in the second quarter, with significant implementation over the next year. We anticipate that results will become evident as the year progresses and into 1995," Mr Antonioni said.

DuPont jumps 39% to $642m

By Richard Tomkins

Shares in DuPont, the US chemicals group, jumped by $3⅞ to $58 in early trading yesterday as the company reported a 39 per cent jump in underlying net income to $642m for the first quarter – its best performance in any quarter since 1990.

Mr Edgar Woolard, chief executive, said the biggest factor in the profits increase was lower costs. "Although not yet complete, the restructuring efforts are having a significant effect on our bottom line performance," he said.

However, Mr Woolard said the group was seeing increased demands in important markets for a number of its businesses, including automotive products, engineering polymers, nylon, Lycra spandex, and non-wovens.

"Not only is demand generally improved in the US, but market conditions are better in Europe and Asia, where our chemicals and specialties sales are up 15 per cent and 6 per cent respectively," Mr Woolard said

First-quarter turnover was $9.19bn, up $120m or 1 per cent over the previous year's figure.

The net earnings of $642m, or 94 cents a share, compared with $493m, or 73 cents a share, last time. But last year's figure included a non-recurring $32m gain from an exchange of North Sea petroleum properties.

Petroleum segment earnings rose to $215m from $200m last time, excluding the prior year gain.

Stronger domestic downstream performance, reflecting higher refined product margins, helped outweigh the drop in upstream earnings resulting from a 20 per cent fall in crude oil prices.

All other segments increased earnings. Chemicals earned $83m, up from $69m; fibres reported $144m, up from $102m; polymers earned $147m, compared with $77m; and diversified business made $148m, against $107m.

Top manager resigns at Digital

By Louise Kehoe

Digital Equipment announced the resignation of one its top managers in the wake of higher-than-expected losses for its third fiscal quarter.

Mr Edward Lucente, vice-president of worldwide sales and marketing and general manager of Digital's systems business unit, who has been responsible for all of Digital's marketing and sales as well as managing the company's most important product group, had resigned "effective immediately", the company said.

He has been replaced by Mr Enrico Pesatori who joined Digital just 14 months ago as general manager of the company's personal computer business.

"Enrico has created a growing and profitable force in the worldwide PC market, making Digital an emerging market leader in this sector of our industry," said Mr Robert Palmer, Digital president and chief executive.

Mr Lucente is to become executive-in-residence, Graduate School of Industrial Administration at Carnegie Mellon University, Digital said. Mr Lucente is a lifetime trustee of the university.

Before joining Digital Mr Pesatori served for two years as president and chief executive of Zenith Data Systems where he was credited with achieving a turnround. Previously he spent 21 years at Olivetti.

Mr Lucente, a 30-year veteran of IBM, joined Digital about a year ago after a short period at Northern Telecom. He is regarded as one of the computer industry's most experienced sales and marketing executives.

Commenting on Mr Lucente's departure, Mr Palmer said: "Digital benefited significantly from Ed's experience and leadership. He set high standards of professionalism for our sales force and helped Digital move to a more customer-focused organisation. We wish him well."

Gerstner sees profits at IBM this year

By Louise Kehoe in San Francisco

International Business Machines expects to be profitable this year, after three years of heavy losses, Mr Lou Gerstner, chairman and chief executive, told shareholders yesterday at the computer company's annual meeting in Toronto.

Unlike last year's annual meeting, when Mr Gerstner faced an audience of angry shareholders calling for the resignation of the board of directors, this year's shareholder gathering was a more friendly affair.

"While I'm not writing a pledge in stone, I can tell you that barring the unforeseen, we are planning on being profitable in 1994," he said.

"We're not in a position to blow the horn and declare victory. But I think it's safe to say the funeral dirge is over."

Mr Gerstner said that IBM would continue to cut costs and that the company still planned to reduce its workforce by about 35,000 people by the end of 1995.

"I still believe ... that's about the right number given current assumptions about future business conditions," he said.

Having achieved two consecutive quarters of profitability, "cultural change is one of my highest priorities", Mr Gerstner said. "When it comes to a results-oriented corporate culture, we're not there yet – by a long shot," he acknowledged.

"I believe [IBM] we have been the victims of 'success inertia'," he said. "Things went so well for so long – we were so profitable, so highly regarded – that we stopped running hard."

Using a sports analogy, Mr Gerstner likened IBM's situation to that of a team that scores lots of points early in the game.

"They call it sitting on a lead ... you start playing conservatively and you frequently lose that lead – and the game – to fast and hungry opponents."

Last week, IBM's share price jumped by almost $6 to $58⅜ when the company announced first-quarter results including an unexpected 6 per cent rise in revenues to $13.37bn and much higher than expected profits of $392m.

Goodyear posts record first term

By Frank McGurty in New York

Goodyear, the US tyre group, yesterday said strong US sales and operating efficiencies had contributed to a surge in first-quarter net income.

Net income jumped 33 per cent to a record $116m, or 77 cents a share, from $87.1m, or 60 cents, before the effect of an accounting change in the first period of 1993.

Goodyear, which supplies more than 80 per cent of the tyres fitted on new Chrysler cars, benefited from a powerful recovery by the US automotive industry. Overall, revenues climbed to a high of $2.91bn, a 3.4 per cent improvement from the year-earlier quarter.

"This outstanding performance is especially gratifying in light of economic conditions in various regions of the world," said Mr Stanley Gault, chairman and chief executive.

In the US market, tyre revenues climbed 4.7 per cent to $2.5bn, while unit sales were up 12.1 per cent.

Elsewhere, business was mostly lacklustre. International revenues edged 1.5 per cent ahead, partly because of a decline in Europe, where the original-equipment passenger car market contracted. In Latin America, which generated 23 per cent of Goodyear's operating profit last year, sales and income were robust.

Strong demand in the US enabled the group to make more efficient use of its plant capacity, lifting segment operating margins to 9.4 per cent, from 8.4 per cent a year ago. Lower interest expense was also a factor.

Separately, the company reached a tentative, three-year labour agreement with the United Rubber Workers at the weekend, just hours after the previous contract expired.

Neither side would disclose details of the pact, pending ratification by union members. If approved, the URW would use the deal as a model in negotiating contracts with other tyre groups operating in the US.

News of the agreement helped push up Goodyear's share price in early trading on Wall Street. The stock rose $⅝ to $39⅝ even though its first-quarter results were at the low end of analysts' expectations.

Boeing income hit by sales drop

By Richard Tomkins

Continuing weakness in the world market for new airliners resulted in a 10 per cent fall in net income to $292m from $325m for Boeing, the US aircraft maker, in the first quarter.

Commercial jet deliveries fell to 82 from 93 last time while turnover dropped to $6.35bn from $6.64bn. Earnings per share were down to 86 cents from 96 cents.

Boeing warned last quarter that overcapacity in the world airline industry would cause deliveries of its aircraft to fall to between 250 and 260 this year from 330 last year. It said sales were expected to fall to between $20bn and $21bn from last year's $25.4bn.

Boeing jet deliveries (First quarter)

Type	1994	1993
737	39	44
747	15	15
757	16	23
767	12	11
Total	82	93

Source: Boeing

Yesterday, the company appeared to be taking a slightly more optimistic view of the market, saying that deliveries this year were expected to be "in the 260 range" and sales were expected to be "in the $21bn range".

On the other hand, Boeing added that it was expecting research and development costs to rise this year because of systems integration and tests on the new 777 aircraft and because of commercial development of the extended range version of the 777, the 737-700, and the freighter version of the 767.

The company also noted that reduced levels of new investment in facilities and equipment meant it would be unable to capitalise as much debt interest this year as it did last year.

Following the contract signing with Southwest Airlines for 63 of the 737-700 aircraft, Boeing said, detailed structural design work on the next-generation 737 aircraft had begun. Sales discussion were taking place with several domestic and foreign airlines.

Apple expects improvement

Apple Computer expects to improve its sagging gross profit margins in the second half of its fiscal year, Mr Joseph Graziano, chief financial officer, told a technology conference, AP-DJ reports from San Francisco.

The computer maker's gross profit margin stood at 24 per cent in the just-reported second fiscal quarter, in which Apple reported an 84 per cent drop in profits.

Mr Graziano said the company believed a three-year erosion in that profitability measure had stabilised. "We think we can expand from these levels in the second half of the year," he added. He did not quantify the expected improvement.

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue April 1994

11,730,000 Shares

Centex Construction Products, Inc.

Common Stock

2,040,000 Shares

The above shares were offered outside the United States and Canada by the undersigned.

Donaldson, Lufkin & Jenrette Securities Corporation

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Lehman Brothers

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Lazard Brothers & Co., Limited — NatWest Capital Markets Limited

N M Rothschild and Smith New Court — Paribas Capital Markets — Société Générale

9,690,000 Shares

The above shares were offered in the United States and Canada by the undersigned.

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Oppenheimer & Co., Inc. — PaineWebber Incorporated — Prudential Securities Incorporated

Salomon Brothers Inc — Smith Barney Shearson Inc. — S.G.Warburg & Co. Inc.

The Chicago Dearborn Company — Kemper Securities, Inc.

Principal Financial Securities, Inc. — Southcoast Capital Corporation

Advest, Inc. — Arnhold and S. Bleichroeder, Inc. — Robert W. Baird & Co. Incorporated — Cowen & Company

Crowell, Weedon & Co. — First Southwest Company — Interstate/Johnson Lane Corporation

Janney Montgomery Scott Inc. — Johnston, Lemon & Co. Incorporated — Ladenburg, Thalmann & Co. Inc.

C.J. Lawrence/Deutsche Bank Securities Corporation — Legg Mason Wood Walker Incorporated — McDonald & Company Securities, Inc.

Ragen MacKenzie Incorporated — Rauscher Pierce Refsnes, Inc. — Roney & Co. — Scott & Stringfellow, Inc.

Southwest Securities, Inc. — Tucker Anthony Incorporated — Wheat First Butcher Singer

William K. Woodruff & Company Incorporated — D. A. Davidson & Co. Incorporated — First Manhattan Co.

Harris Nesbitt Thomson Securities Inc. — Pennsylvania Merchant Group Ltd

Southeast Research Partners, Inc. — Williams MacKay Jordan & Co., Inc.

Schlumberger

SCHLUMBERGER
FIRST QUARTER 1993 EARNINGS

New York, New York, April 21 - Schlumberger Limited announced today that net income was $121 million and earnings per share were $0.50, a decline of 9%, compared to last year before an extraordinary item relating to post-retirement benefits. Operating revenue was $1.64 billion, up 3% over the same period.

Active drilling rigs worldwide were 7% above last year due to a 14% increase in North America, while in the rest of the world rigs decreased by 2%. Schlumberger Oilfield Services revenue increased by 4% due to stronger performances at Wireline & Testing, Dowell, Anadrill and GeoQuest. However, Sedco Forex revenue decreased due to the North Sea and Africa while the contraction in the seismic business outside North America continued in the first quarter.

Measurement & Systems revenue in US dollars was level, although it was up 5% in national currencies. All product lines except Gas Management showed growth with Automatic Test Equipment leading the way.

According to Chairman and Chief Executive Officer Euan Baird, "With the exception of the CIS, world oil demand grew significantly in the first quarter. As a result, the expected decision by OPEC to maintain its oil production at present levels until the end of the year does not appear to have destabilized the oil markets. On the other hand, today's oil price is well short of OPEC's stated goal of $18-$21 per barrel, and the resulting strain on the economies of many of its member states is having a negative effect on our oilfield activities outside North America. In this uncertain environment we are continuing to work on our own internal efficiency and have just implemented a reorganization of Geco-Prakla by product line. The official opening of the new Schlumberger - Riboud Product Centre near Paris, which consolidates the activities of three oilfield centres, took place in April."

"With the global economy and oil demand growing again," Baird stated, "we are confident about our prospects in the medium term. The uncertainties in the oil and equity markets in late March gave us a good opportunity to begin repurchasing our stock under an existing plan."

MERCURY OFFSHORE STERLING TRUST (SICAV)
14, rue Léon Thyes, L-2636 Luxembourg. R.C. Luxembourg No. B. -24 990

PAYMENT OF DIVIDEND

Notice is hereby given to shareholders that an interim dividend for the period ended 31st March, 1994 of 3.45p for the Reserve Fund will be paid to registered shareholders who were on the register at 31st March, 1994.

This dividend will be paid from 3rd June, 1994 to bearer shareholders of the Fund against presentation of coupon No.11 at the Company's Paying Agents including its Credits Paying Agent in the United Kingdom:

S.G.WARBURG & CO. LTD.
Credits Paying Agency, 2 Finsbury Avenue, London EC2M 2PA

from whom claim forms can be obtained. United Kingdom tax will be deducted from claims in the United Kingdom at the rate of 25 per cent, unless claims are accompanied by an affidavit.

26th April, 1994 MERCURY OFFSHORE STERLING TRUST (SICAV)

SUNKYONG INDUSTRIES LIMITED
US $ 50,000,000
FLOATING RATE NOTES DUE 1998

(Redeemable at the option of Noteholders in April 1996 and April 1997 and at the option of the Issuer on any interest payment date falling in or after April 1996)

In accordance with the provisions of the Notes, notice is hereby given as follows:

* Interest period: January 21st, 1994 to April 21st, 1994
* Interest payment date: April 21st, 1994
* Interest rate: 3.6875% per annum
* Coupon amount: US $ 2,304.69 per note of US $ 250,000

Agent Bank

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INDEXIA Research, 121 High St, Berkhamsted, HP4 2DJ

Notice to the holders of the outstanding LUF 5.691.954.400 4.50/8.25 percent Bonds due 2023 (the "Bonds") of Euromagro N.V.,

Formal notice is hereby given to the holders of the Bonds pursuant to their Terms and Conditions that a meeting will be held on May 25th, 1994 at 14:00 hrs in Curaçao, Netherlands Antilles at the offices of the Company at 58A de Ruyterkade, Curaçao, Netherlands Antilles.

An early partial repayment of the Bonds will be proposed at the meeting.

In order to take part in the meeting, either personally or by proxy, the holders of Bonds are required to deposit their bonds at least 10 business days prior to the meeting at the registered office of Euramagro N.V., at the offices of the Paying Agent or at any recognized bank.

Euramagro N.V.
de Ruyterkade 58A
Curaçao, Netherlands Antilles

Curaçao, April 14th, 1994

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"You have to ask yourself the question, even if you're in a small niche, if we're doing well, and making so much profit here in this area, what's to stop others coming in if the opportunity's there. They will come, be quite confident of that, that's a certainty."

David Potter, Chairman, Psion UK plc

Competitor analysis should be critical to what you do, whether you start a business or whether you run a business. Frankly, I don't think you can go into business without understanding who else is there, in that market, and what they do."

Michael Zur-Szpiro, Managing Director, Aroma Cafe▼

Focus on the Customer

"I believe that real customer focus has to start from the top down and the bottom up, and it has to be totally accepted by the whole workforce, otherwise the lines of communication will fail, and the whole customer care and customer focus will fail."

Andrew Hollingsworth, Divisional Director, Alton Towers

"If we launch a product and it's a failure, we'll get a very quick reading within two to three weeks and the product is removed. What we have got behind this development process is a highly flexible supply base where we can actually produce small volumes of products so that there isn't this expense of having produced special equipment for a launch. So we'll launch products, and if they fail, they'll be removed."

Lee Gill, Executive, Food Division, Marks & Spencer

Benchmarking to Win

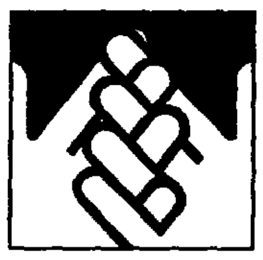
"If you're a monopoly and no one else can enter your market place, then you can still be successful and you can still make good money, but that never lasts forever, and it didn't last forever for us. We saw our market share decline from 100% to something like 17%, and it's recovered.

"Benchmarking was simply, as we went through that culture change, so important. It told us what the competition did, and it told us what they did better than we did, and it told us how they did it."

Sean Pantling, Director and General Manager West London, Rank Xerox UK

"You've got to want to change. If the motivation to change is there, it has to really start with top level commitment to want to transform the business."

◄ Graham James, Chief Executive, Courtaulds Films



Building Customer Relationships

"We put the same amount of energy into attracting existing customers as we do into attracting new customers. Within the mentality of each store is the realisation that the existing customer is all important to today's business."

Chris Moore, Domino's Pizza

"The old image of the buyer is somebody who sits there and is only good at saying one thing, and that's NO; beating-up suppliers, drawing blood from them, not caring about the impact on the supplier, only what's best in terms of price for him as the customer."

John Cash, Purchasing Manager, Rank Xerox

"We don't rely on buying customer loyalty, we believe we have to earn customer loyalty, and we have to do that by making sure that the products that we offer and the service that we offer through ourselves and our dealerships, meet exactly what the customer requires from us."

Peter Wyhinny, UK Operations Manager, Land Rover

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Testing time for French insurers

The UAP sell-off heralds a new era for the sector, writes Alice Rawsthorn

Any day now, Mr Edmond Alphandéry, the French economy minister, is expected to launch the FFr25bn ($4.28bn) sale of the state's remaining stake in Union des Assurances de Paris (UAP), the largest insurance group in France.

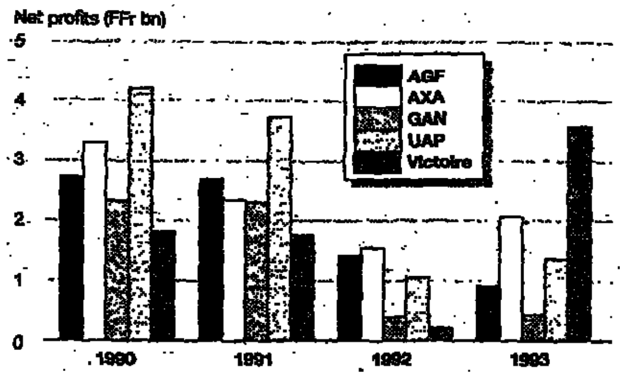
The UAP privatisation, which will be followed by those of Assurances Générales de France (AGF) and Groupe GAN, marks a watershed in the French insurance industry's fortunes by heralding the end of the long tradition of state ownership. It also comes at a time when Victoire, the second-biggest private sector insurer after Axa, is up for sale thereby paving a way for a foreign group to emerge as a force in French insurance.

However, these developments come at a difficult time when insurers are under intense financial pressure. UAP, AGF and GAN all recently reported weak results for 1993, due to the depressed state of the insurance market and the losses of their banking subsidiaries. They now face the dual challenge of stabilising their finances and adapting to the changes in the French insurance industry.

"This is an important time for the industry," said Mr Stephen Dias, European insurance analyst at Goldman Sachs. "Privatisation is a big factor. All the state-controlled insurers will have to adopt a more business-like approach in future. The industry was very depressed last year. It's now in an intermediary phase and, if all goes well, profitability should return to normal next year."

One consolation is that there is already evidence of recovery in the French insurance market. It reached its nadir in 1992 when the economic slowdown triggered a decline in demand and a steep increase in claims. The insurers were trapped in a vicious cycle of sacrificing margins to fight for market share: not only against each other but against the specialist mutual groups in the motor market and the banks in the life sector.

French insurers



Source: Company reports

Demand is still depressed but the big groups have begun to raise premiums and to be more rigorous about accepting new business. Mr Claude Bébéar, chairman of Axa, and Mr Jacques Friedmann, his counterpart at UAP, have both noted an improvement in their French insurance interests.

Meanwhile, demand should improve as the economy emerges from recession. Life insurance has particularly strong growth potential in the light of the government's long-awaited pension reforms. The threat from the mutuals is abating partly because they have been affected by the economic downturn.

However, the banks are becoming even more competitive in life insurance. The insurers are responding by joining forces with the banks to tap into their formidably efficient distribution networks. UAP will use its privatisation to formalise old links with Banque Nationale de Paris. AGF is being courted by two banks: Société Générale and Crédit Lyonnais.

Yet the recession dealt a double blow to the insurers by burdening their banking subsidiaries with heavy property losses. UAP, AGF and GAN were the chief casualties. They wrote off part of these losses in last year's results and transfered the rest to shell companies or to more robust subsidiaries.

"This isn't a final solution," said Mr Tim Dawson, analyst at Lehman Brothers. "All they've done is allow themselves to write off the losses over a longer period. But at least it alleviates the short term pressure on the balance sheet."

The 1993 "clean-up" is welcomed by observers such as Mr Dias of Goldman Sachs as evidence that UAP, AGF and GAN are preparing to be "more business-like" after privatisation. All three groups should also have more financial flexibility as private companies. UAP has secured the government's agreement to stage a FFr3bn capital increase as part of its privatisation. AGF plans to follow suit.

Ironically, the pace of acquisitions is likely to slow down in the mid-1990s. AGF and UAP are now intent on consolidating their acquisitions as is Axa after a difficult period with The Equitable of the US. These groups – and GAN – are considering expansion into Asia. But the focus for French insurers over the next few years is likely to be integration rather than expansion.

Indeed, the flow of acquisition activity may well reverse if, as the industry expects, Victoire is snapped up by a foreign purchaser. A number of international insurers, including BAT of the UK and Germany's Allianz, have looked at Victoire - so far inconclusively.

Suez, the French holding company that owns Victoire, is now considering various offers for the business. Mr Gérard Worms, chairman, hopes to clinch a deal next month. French insurers will then discover whether to add the threat of foreign competition to the other changes taking place in their traditional territory.

Sappi omits payout after fall in profit

By Mark Suzman in Johannesburg

Sappi, South Africa's biggest pulp and paper company, has announced a decline in after-tax profits to R142.2m ($29.3m) in the year to February from R360.1m. Largely as expected, the company has been forced to pass its final dividend.

Mr Eugene van As, executive chairman, blamed the drop on a weak domestic economy and depressed world pulp and paper prices.

Turnover increased by 19 per cent to R5.54bn from R4.67bn, due mainly to the first inclusion of consolidated results from Hannover Papier, the German manufacturer of coated products acquired by Sappi in 1992. But operating income dropped to R165.5m from R443.7m a year ago.

This was partly offset by net non-trading income of R26.9m raised from the sale of non-core assets in Germany and residential property in South Africa. Net finance costs dropped from R65m to R45m, due to lower interest rates and a R500m investment from the state-owned Industrial Development Corporation which will be either repaid or re-acquired by the company at a future date. The overall debt/equity ratio has been reduced from 0.47 to 0.41.

Mr van As said despite cost-cutting and the depreciation of the rand, which helped boost exports from South Africa, the continued weakness in European markets had depressed earnings. However, the new Brussels-based marketing operation had been successful, increasing exports from the group's British and German interests by almost 24 per cent.

The company also announced that its R1bn expansion to Saiccor, the world's largest dissolving pulp supplier, would be commissioned on time and below budget in 1995.

Mr van As said he was confident the situation would improve as the international pulp market continued to recover and the domestic political situation stabilised, helping boost local demand.

Grasim posts rise to Rs2.27bn

By RC Murthy in Bombay

Grasim Industries, part of Mr Aditya Birla's industrial group, reported net profits of Rs2.27bn ($72m), up almost two-thirds on the year-ago figure, on sales up a quarter at Rs22.02bn in the year to March.

The dividend has been raised to Rs.4.75 from Rs4.

Grasim produces viscose staple fibre, textiles, cement, sponge iron and computer software.

New products help Kao to Y49bn

By Emiko Terazono in Tokyo

Kao, Japan's leading household products maker, reported increases in annual sales and profits for the 14th consecutive year due to strong sales of new products and a decline in material and operational costs.

Kao, one of the few Japanese companies bucking the current recession, saw a 9.6 per cent increase in non-consolidated pre-tax profits for the year to last March to a record Y49bn ($473m), while sales rose 2.8 per cent to Y639.5bn.

After-tax profits rose 4.4 per cent to Y24.5bn, while operating profits increased 13.3 per cent to Y52.8bn. The company's operating profit margin was 8.3 per cent, offsetting the deterioration in the non-operating balance.

Due to the firm rise in profits, the company will raise its dividend for the second half by Y0.5 per share to Y5.5, or Y10.5 per share for the full year.

Sales of Kao's household product division rose 2.9 per cent to Y559.5bn, thanks to new hair products and lipsticks, while the chemical division posted a 1.6 per cent sales increase to Y80bn.

For the current year to next March, the company remains cautious over prospects of a consumption-led economic recovery advocated by many private economists. Mr Tomiaki Nagase, senior managing director, said strong sales growth was unlikely, and forecast a 4.1 per cent rise in non-consolidated pre-tax profits to Y51bn on a 2 per cent increase in sales to Y652bn.

intrum justitia

(Registered in Curaçao No. 41415)

Notice of Annual General Meeting

The shareholders of Intrum Justitia NV are hereby given notice to attend the Annual General Meeting of Shareholders which will be held on Tuesday May 24, 1994 at 10.00 hours, at Business Center Zeelandia, Polarisweg 28, Willemstad, Curaçao, Netherlands Antilles.

The following items are on the agenda for this Meeting:

1. Determination of the balance sheet and the profit and loss account for the fiscal year ended December 31, 1993.
2. Approval of the interim dividend of 1.1 pence per share, paid on November 5, 1993.
3. Declaration of final dividend of 2.2 pence per share, payable on June 3, 1994.
4. Reappointment of the present members of the Board of Managing Directors of the Company to serve the Company until the next Annual General Meeting.
5. Reappointment of Hans G. Bagner, Frederick G. Chiswell, Harry H. M. Groen, Peter C. F. Hickson as Supervisory Directors to serve the Company until the next Annual General Meeting.
6. Grant an Annual Remuneration to the Supervisory Directors of GBP 10,000, – to each ordinary member and £25,000, – to the Chairman of the Board.
7. Reappointment of Coopers & Lybrand as auditors of the Company for the current fiscal year and authorisation of the Board of Directors to fix the remuneration.
8. Appointment of Bo S. Goransson as Member of the Board of Supervisory Directors to serve the Company until the next Annual General Meeting.
9. Appointment of Dennis Punches as Member of the Board of Supervisory Directors to serve the Company until the next Annual General Meeting.
10. Resignation of Lars Rohwer as Member of the Board of Supervisory Directors and thereby grant honourable discharge for his conduct of the Company's affairs.

The Agenda and its enclosures can be obtained at the Registered Office of the Company, Chumaceirokade 3, Willemstad, Curaçao, Netherlands Antilles, tel. 5999657022, fax 5999657543, with The Registrar: The Royal Bank of Scotland; P.O. Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh, EH11 0XG Scotland; with the Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, L 2955 Luxembourg; and with James Capel, Thames Exchange, 10 Queen Street Place, London EC4R 1BL, United Kingdom.

Shareholders can attend the meeting in person or may be represented at the meeting by proxy. To this effect the holders of the registered shares are requested to complete a proxy form together with their voting instructions and mail these to The Registrar:

The Royal Bank of Scotland Plc., P.O. Box 457, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 0XG, Scotland.

Holders of bearer shares are requested to deposit their shares with a bank and to arrange for the completion and execution of a certificate of deposit which should be sent with the proxy forms and voting instructions so as to be received by The Royal Bank of Scotland no later than May 16, 1994 at 10.00 hours.

April 26, 1994

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BARINGS

March, 1994

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April 1994

Bunds fall as focus remains on economic growth

By Sara Webb in London and Frank McGurty in New York

German bund futures fell back over a point as the market continued to focus on the prospect of economic growth and the likelihood of another high money supply figure to be released this week. The market chose to ignore the release of favourable inflation figures yesterday, maintaining a bearish mood, and as bund prices tumbled, they dragged the other European government bond markets down in their wake.

The German market is anxiously awaiting the release today by the leading economic research institutes of their growth forecasts for 1994, dealer said.

Bond analysts and dealers said that the market has chosen to focus on recent comments by German politicians and Bundesbank officials suggesting that economic growth may be picking up. Last week, Mr Rexrodt, the Economics Minister, said growth could even be somewhat better than forecast. Yesterday, Bundesbank board member Mr Edgar Meister was reported saying there were signs of recovery in the west German economy.

Some economists at investment banks, meanwhile, have revised their growth forecasts

GOVERNMENT BONDS

upwards. As a result, the bund market is nervous that the Bundesbank could slow down or halt its already snail-pace easing in short-term rates.

Meanwhile, the M3 money supply figures for March are due to be released this week. After the annualised 17.5 per cent growth in February, dealers expect the March figure still to be in double-digits and well above the Bundesbank's 4 to 6 per cent target range.

With the economic recovery and M3 figures providing the main focus, the release of favourable inflation figures was largely ignored by the market. April inflation figures from North Rhine-Westphalia were better than expected, with annual CPI growth slowing to 3.0 per cent from 3.1 per cent in March, while the monthly increase remained unchanged at 0.2 per cent.

This follows the release on Friday of the inflation figures from the state of Baden-Wuerttemberg where inflation was up 0.3 per cent on the month and 3.1 per cent on the year.

The Liffe bund futures contract opened at 94.74 and fell to 93.58 before settling at 93.65.

■ The drop in bund prices depressed the other European government bond markets, pushing French debt prices lower in the absence of significant domestic factors.

Swedish government bonds tracked the bund market lower, but saw additional downward pressure as a result of the disappointing "mini-budget" announced yesterday. One analyst pointed out that many of the measures announced in the supplementary budget are due to be phased in over a long period of time and could be jeopardised by the autumn general election.

In addition, the Swedish bond market has seen heavy new supply – both of index-linked and of conventional stock – in recent days, which dealers said had weighed down the market.

■ Short-dated UK gilts opened on a soggy note ahead of Wednesday's auction, while the decline in bund prices further depressed the market, leading to a fall of a point from the previous close.

The release of the economic growth figures was in line with expectations and dealers said the gilt market chose to ignore the domestic economic data and focus on the bund market's decline instead.

Britain's gross domestic product rose 0.7 per cent in the first quarter from the fourth quarter of 1993 and was up 2.6 per cent compared with the same period a year earlier.

The Liffe gilt futures contract fell from 106.26 at the opening to a low of 105.26, settling at 106.09.

■ US Treasury prices were mixed in uninspired trading yesterday morning after the Treasury postponed Wednesday's supply auction in honour of former President Richard Nixon, who died at the weekend. It was still uncertain, however, what effect the national day of mourning would have on bond trading.

By midday, the benchmark 30-year government bond was ⅛ better at 88¾, with the yield easing to 7.201 per cent. The two-year note was off ⅛ at 99¾, to yield 5.608 per cent.

Short-dated bonds generally drifted lower in directionless trading for most of the morning. There was little economic news to drive the market, but a weakening trend in US securities overseas cast a shadow over activity.

Traders were unshaken by news of a 5.7 per cent rise in sales of existing homes last month, after a 9.6 per cent decline in February. The rebound offered no convincing evidence of a fresh surge in the housing sector or an escalation in inflationary pressure.

However, there was concern over the upcoming influx of fresh supply, which threatens to unhinge the stability the market established last week.

The Treasury will auction $17bn in two-year notes this afternoon, but decided to delay a $11bn sale of five-year securities until Thursday.

Pibs rise sharply on C&G bid news

By Tracy Corrigan

The market in permanent interest bearing shares (Pibs) issued by UK building societies has rallied strongly on the news that Lloyds Bank is to take over the Cheltenham & Gloucester Building Society.

The largest price rise is in the C&G's £100m issue of 11⅝ per cent Pibs, which has rallied by six points since Thursday, to 122. The yield spread over the UK gilt due 2017 has shrunk from about 230 to 180 basis points, as a result.

However, other Pibs issues have also rallied, though less dramatically. For example, the spread on the Halifax Pibs has tightened by about five basis points to 160 basis points since Thursday, and the spread on the Leeds Pibs has narrowed sharply from 225 basis points to 210 basis points.

Dealers said the market had already been improving prior to the Lloyds announcement, as wider spreads and higher yields had attracted fresh buying after a sell-off at the start of the year.

Dealers say there are several reasons for the sharp rise in the C&G Pibs price. First of all, holders of the paper are rewarded in the same way as other investing members and will therefore be entitled to receive a cash payment of £500 and 10 per cent of the value of their holdings, up to a maximum of £10,000. This means that investors are more likely to keep hold of the paper, even though it is rallying strongly, creating a shortage of paper.

Second, the status of the Pibs will rise when the takeover goes through. Currently, Pibs, which never mature and were issued to provide capital for building societies, are the equivalent of equity and would therefore, theoretically, count as Tier 1 capital under bank capital rules.

However, under the terms of the Lloyds deal, the Pibs will become subordinated debt securities and count as upper tier 2 capital.

The deals which have rallied most strongly are those issued by building societies deemed likely to be takeover targets, or likely to convert to bank status, bringing about a similar change in the status of their Pibs.

IFC in plan to securitise emerging market loans

By Conner Middelmann

The International Finance Corporation, the World Bank's private sector finance arm, plans to securitise part of its emerging market loan porfolio.

"We have a scheme under design which would allow us to pool selected corporate project loans as collateral to issue rated securities", said Mr Richard Frank, the IFC's chief financial officer. The loans involved will be located in Latin America and Asia.

The IFC is in discussion with credit rating agencies to agree the level of enhancement required to support issuing high-grade securities. "We are looking for high-quality securities on the basis of the loan pool collateral and supporting features," Mr Frank said.

One difficulty is that while the corporate borrowers are investment grade, they may be located in sub-investment grade countries, he said.

Taking existing loans off its balance sheet through securitisation will allow the IFC to increase its loan capacity.

"There is a high level of demand for our funding, and this will allow us to finance a larger volume of loans," he said.

The IFC's disbursed and outstanding loan portfolio totals some $5bn, of which 42 per cent is Latin American and 23 per cent Asian.

The initial scheme would involve about $300 to $400m in corporate loans, but as the IFC disburses more loans it may create new pools for securitisation, Mr Frank said.

Minimal issue supply in choppy conditions

By Conner Middelmann

Choppy conditions in the underlying government bond markets kept Eurobond issuance to a bare minimum.

"It's not a very constructive environment – investors are still very, very cautious and although we've seen some nibbling, the markets are still fragile," said one syndicate manager.

INTERNATIONAL BONDS

The Canadian dollar sector saw the bulk of yesterday's meagre supply: C$165m of 10-year bonds for the Municipality of Metropolitan Toronto via ScotiaMcLeod, and C$150m of two-year notes for Landesbank Schleswig-Holstein via Nomura. Both deals were targetted mainly at continental European retail investors and medium-sized institutions but neither issue met heavy demand, traders said.

The sterling sector was abuzz with talk of imminent 10-year issues, but a volatile gilt market kept investors and issuers firmly on the sidelines. Eastern Electric was rumoured to be planning a £350m 10-year deal via CS First Boston and BZW. Abbey National and Cable & Wireless were also tipped as possible issuers.

Elsewhere, there was talk that Sweden is poised to issue Y100bn of five-year Euroyen bonds, although dealers warned there would not be enough demand for such a large deal. Belgium was also expected to bring its widely rumoured French franc issue, some said as early as today.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Bangkok Bank*‡	150	(a)	100.00	Jun.1999	-	-	Fuji Intl. Finance (HK)
YEN							
OKB(b)	15bn	3.65	100.00	Mar.1999	0.25	-	IBJ International
CANADIAN DOLLARS							
Municipality of Metro.Toronto	165	8.50	98.75R	May.2004	0.375R	+45 (6¼%-04)	ScotiaMcLeod
LB Schleswig Holstein, Lux.	150	7.375	99.949R	May.1996	0.125R	+22 (4¾%-96)	Nomura International
HONG KONG DOLLARS							
International Finance Corp.	500	7.175#	100.00R	May.1999	0.20R	-	JP Morgan Securities Asia

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. *Private placement. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) 6-mth Libor +0.4%. b) Short 1st coupon.

EBRD funds $60m credit facility for Czech bank

By Antonia Sharpe

The European Bank for Reconstruction and Development (EBRD) has provided a $60m seven-year revolving credit facility to the Czech Republic's Kommercni Banka. The floating-rate funds will be used to finance Czech exports to western and developing countries, particularly in Asia.

Terms of the agreement were not disclosed but an EBRD official said that Kommercni Banka, which is 51 per cent state-owned, would be paying a market-related premium over Libor, the London Interbank offered rate.

The official added that the facility would give medium-sized companies in the private sector access to long-term funds, which were in limited supply in the domestic market.

The EBRD hopes to provide similar facilities to banks in Slovakia, Hungary, Poland, Russia and other states in the former Soviet Union during the course of this year.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/03	108.3900	-	8.19	8.07	7.18
Belgium		7.250	04/04	97.8900	-1.010	7.59	7.29	7.30
Canada *		6.500	06/04	89.0000	-1.000	8.12	8.25	7.52
Denmark		7.000	12/04	97.2000	-1.050	7.38	7.08	6.85
France	BTAN	8.000	05/98	105.5900	-0.480	6.38	5.94	5.79
	OAT	5.500	04/04	89.7300	-1.200	6.96	6.76	6.44
Germany		6.000	09/03	95.6700	-0.780	6.63	6.33	6.28
Italy		8.500	01/04	-	-	-	8.87	9.28
Japan	No 119	4.800	06/99	106.1420	+0.220	3.40	3.40	3.50
	No 157	4.500	08/03	103.4860	-0.280	3.98	3.96	4.16
Netherlands		5.750	01/04	92.6200	-1.050	6.81	6.65	6.44
Spain		10.500	10/03	106.8500	-0.950	9.36	9.15	8.84
UK Gilts		6.000	08/99	93-03	-22/32	7.61	7.40	6.76
		6.750	11/04	92-11	-31/32	7.83	7.73	7.45
		9.000	10/08	108-26	-35/32	7.96	7.89	7.59
US Treasury *		5.875	02/04	92-18	+3/32	6.93	7.11	6.42
		6.250	08/23	88-09	+8/32	7.22	7.39	6.84
ECU (French Govt)		6.000	04/04	90.4800	-1.120	7.38	7.06	6.86

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

		Treasury Bills and Bond Yields			
		One month	3.62	Two year	5.61
Prime rate	6¾	Two month	3.64	Three year	6.01
Broker loan rate	5	Three month	3.88	Five year	6.54
Fed.funds	3½	Six month	4.38	10-year	6.94
Fed.funds at intervention	-	One year	4.90	30-year	7.22

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	120.94	120.08	-1.26	120.98	119.76	216,246	131,963
Sep	120.12	119.24	-1.28	120.14	119.02	1,732	12,598
Dec	119.36	118.50	-1.26	119.60	118.50	18	520

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls May	Calls Jun	Calls Sep	Puts May	Puts Jun	Puts Sep
120	0.51	1.21	1.59	0.47	1.11	2.23
121	0.14	0.66	-	1.03	1.59	-
122	0.04	0.33	0.83	-	2.31	-
123	-	0.17	0.51	-	-	-
124	-	0.06	0.38	-	-	-

Est. vol. total, Calls 34,149 Puts 36,369 . Previous day's open int., Calls 438,111 Puts 327,757.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.74	93.65	-1.17	94.80	93.58	159959	177500
Sep	94.20	93.31	-1.19	94.23	93.35	369	9195

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
9350	1.01	1.46	0.86	1.65
9400	0.76	1.23	1.11	1.92
9450	0.55	1.03	1.40	2.22

Est. vol. total, Calls 18698 Puts 20348. Previous day's open int., Calls 298887 Puts 274337

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	99.63	99.40	-0.66	99.63	99.63	20	1880

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	111.65	110.44	-1.41	111.80	110.34	23656	79141
Sep		108.98	-1.40			0	1904

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
11000	1.62	2.70	1.18	2.72
11050	1.36	2.46	1.42	2.98
11100	1.11	2.24	1.67	3.26

Est. vol. total, Calls 1722 Puts 620. Previous day's open int., Calls 61990 Puts 79917

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	98.16	97.14	-1.15	98.15	97.05	58,255	115,061
Sep	-	100.20	-	-	-	-	104

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	106-26	106-09	-0-31	106-28	105-26	84761	127234
Sep		105-12	-0-31			0	198

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
106	1-45	2-28	1-27	3-04
107	1-15	2-01	1-61	3-41
108	0-54	1-41	2-38	4-17

Est. vol. total, Calls 2326 Puts 1611. Previous day's open int., Calls 85851 Puts 73066

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	87.70	87.02	-1.08	87.80	86.80	1,186	7,702

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	105-19	105-17	-0-03	105-20	105-06	494,220	442,653
Sep	104-20	104-16	-0-05	104-20	104-09	3,454	49,191
Dec	-	-	-	-	-	-	-

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	112.28			112.28	112.10	1191	0
Sep	111.13			111.13	111.13	5	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Mon Apr 25	Day's change %	Fri Apr 22	Accrued interest	xd adj. ytd
1 Up to 5 years (23)	122.82	-0.31	123.20	1.29	4.13
2 5-15 years (23)	145.42	-0.99	146.87	1.56	4.84
3 Over 15 years (9)	165.07	-1.36	167.35	2.22	3.76
4 Irredeemables (6)	188.98	-0.87	193.29	-0.24	6.12
5 All stocks (61)	142.27	-0.84	143.51	1.57	4.46
Index-linked					
6 Up to 5 years (2)	184.61	-0.11	184.81	0.31	2.53
7 Over 5 years (11)	178.91	-0.20	179.28	0.71	1.69
8 All stocks (13)	178.61	-0.19	178.95	0.67	1.77
Debentures and Loans					
9 Debs & Loans (73)	133.65	-1.10	135.56	1.91	4.17

	Low coupon yield Apr 25	Low Apr 22	Low Yr. ago	Medium coupon yield Apr 25	Medium Apr 22	Medium Yr. ago	High coupon yield Apr 25	High Apr 22	High Yr. ago
5 yrs	7.64	7.47	7.06	7.82	7.66	7.33	7.93	7.76	7.56
15 yrs	7.84	7.69	7.94	7.97	7.81	8.34	8.23	8.07	8.82
20 yrs	7.84	7.69	8.18	7.97	7.81	8.46	8.14	7.99	8.88
Irred.†	7.98	7.90	8.54						

Index-linked	Inflation 5% Apr 25	Apr 22	Yr. ago	Inflation 10% Apr 25	Apr 22	Yr. ago
Up to 5 yrs	3.41	3.36	2.39	2.43	2.38	1.47
Over 5 yrs	3.47	3.46	3.51	3.28	3.27	3.32

Debentures and Loans	5 year yield Apr 25	Apr 22	Yr. ago	15 year yield Apr 25	Apr 22	Yr. ago	25 year yield Apr 25	Apr 22	Yr. ago
	8.88	8.88	8.97	9.01	8.88	9.46	9.01	8.88	9.62

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Apr 25	Apr 22	Apr 21	Apr 20	Apr 19	Yr ago	High*	Low*
Govt. Secs. (UK)	95.73	96.50	95.98	95.67	95.78	96.52	107.04	95.67
Fixed Interest	115.69	115.65	115.10	115.41	115.57	111.70	133.87	115.10

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Apr 22	Apr 21	Apr 20	Apr 19	Apr 18
Gilt Edged bargains	124.2	135.8	123.9	156.9	82.4
5-day average	124.6	115.6	106.9	99.9	85.5

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on April 25

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	92¾	93		7.64
AlbertaProvince 9⅜ 95	600	104⅞	105⅛		5.84
Austria 8½ 00	400	108½	108⅞	-⅛	7.07
Bank of Tokyo 8⅜ 96	100	103⅞	104½	+⅛	6.18
Belgium 9⅝ 98	250	109⅝	110	-⅛	6.90
[illegible]					
United Kingdom 7¼ 97	5500	103¼	103⅜	-⅛	6.09
Volkswagen Intl Fin 7 03	1000	99¼	99⅝		7.11
World Bank 0 15	2000	25	25½	-⅛	6.61
World Bank 5⅞ 03	3000	93⅛	93½	-⅛	6.84
World Bank 8¾ 00	1250	112⅛	112⅜	-⅛	6.21
[illegible]					
Abbey Natl Treasury 8 03 £	1000	96½	96⅞	-⅝	8.57
Alliance Leics 11⅞ 97 £	100	109½	110	-⅛	7.74
British Land 8⅞ 23 £	150	91⅞	92¼	-⅝	9.65
EIB 10 97 £	637	108	108⅜	-⅛	7.50
Halifax 10⅜ 97 £	100	106¾	107⅛	-⅛	7.64
Hanson 10⅜ 97 £	500	106½	106⅞	-⅛	8.12
[illegible]					

Other sections (SWISS FRANC STRAIGHTS, YEN STRAIGHTS, OTHER STRAIGHTS, DEUTSCHE MARK STRAIGHTS, FLOATING RATE NOTES, CONVERTIBLE BONDS): [illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. [illegible] CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. [illegible]

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UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
Shorts" (Lives up to Five Years)						
Exch 13½pc 1994	13.50	-	100		102⅞	100
Treas. 10pc Ln. 1994‡‡	9.94	5.22	100⅝	-⅛	102	100⅝
Exch 12½pc 1994	12.21	5.18	102⅜	-⅛	104	102
Treas 9pc 1994‡‡	8.82	5.24	102	-⅛	103	102
12pc 1995	11.44	5.27	104⅞		107	104⅞
Exch 3pc Gas 90-95	3.07	5.05	97⅞	+⅛	98	97¼
10¼pc 1995	9.73	5.80	105		107	105
[illegible]						

Other sections (Five to Fifteen Years, Over Fifteen Years, Undated, Index-Linked, Other Fixed Interest): [illegible]

■ "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

صكان الاهل

Strong organic growth in the UK and overseas behind profits rise

Farnell advances 18% to £49m

By Paul Taylor

Farnell Electronics, the electronics components manufacturer and distributor which acquired the Multicomponents distribution business from ITT in December, yesterday reported sharply higher full year profits, reflecting strong organic growth in the UK and overseas.

At the same time, the group revealed that it had negotiated an $11.3m (£7.7m) reduction to $58.5m in the price it paid for Multicomponents following the discovery of a "misrepresentation" by a local financial controller in the accounts of the Multicomponents branch in Denmark, overstating operating profits for the previous three years.

The value of the net assets acquired by Farnell was not affected, however, and the group has already taken corrective action including replacing the local financial controller and operational manager.

Group pre-tax profits for the year to January 30 rose to £49.1m, an improvement of 18 per cent over the previous year's £41.6m when profits were swollen by a £6.3m gain on the disposal of a dormant subsidiary.

Turnover increased by 26 per cent to £320.1m (£254.3m) including an initial £26.6m two-month contribution from Multicomponents.

Earnings per share edged higher to 24.4p (23.7p), but on an adjusted basis increased by 42 per cent from 17.2p to 24.4p. A final dividend of 4.2p makes a total of 7.4p (6.2p) – an increase of 19 per cent.

Operating profits increased by 36 per cent to £49.4m (£36.3m), including a modest £353,000 contribution from Multicomponents.

Farnell's core distribution division performed well, lifting turnover by 27 per cent to £265.9m and operating profits by 29 per cent to £46.8m.

The performance of the manufacturing division was also much improved as a result of last year's restructuring and improved market conditions.

The manufacturing operations, which mainly make power supplies, reported operating profits of £4.15m (£1.04m) on turnover of £59.2m against £50.5m.

Interest costs fell to £329,000 (£1.03m) and the group ended the year with net gearing of 19 per cent.

● **COMMENT**

Farnell's underlying performance last year was impressive, reflecting strong organic growth across the group including the established overseas catalogue operations in Australia and Germany. The acquisition of Multicomponents – a deal which looks even better following the renegotiation of the price – provides a huge opportunity to expand the business internationally. Multicomponents has annual sales of about £170m and although current operating margins of 2.4 per cent look anaemic, Farnell should be able to cut out some £3m of duplicate costs and in time lift operating margins to between 5 per cent and 7 per cent. Pre-tax profits of about £60m look possible this year, producing earnings of 29.6p. The shares are trading on a forward multiple of 19.6, but could go higher.

Malik-Noor stays on Regina board

By Simon Davies

Mr Shiraz Malik-Noor yesterday re-emerged as King bee at Regina, the royal jelly company, following a long and acrimonious meeting where accusations were traded between the former chairman and the current board.

The board spent up to £75,000 attempting to repel Mr Malik-Noor's attempts to return to the leaking corporate ship, but he won support from 53 cent of shares voted.

Mr Malik-Noor also secured the appointment of two associates, Mr Guy Neely and Mr Cecil Phillips, as non-executive directors, on a similar level of votes. Mr Malik-Noor, the largest shareholder, claimed 40 per cent support from the start.

The rift between Mr Malik-Noor and the current board allegedly started over pay. Mr Paul Geoghegan, chairman, and Mr Tony Shakesby, finance director, lost ground in their attempts to discredit Mr Malik-Noor, due to their attempts to push through significant pay rises and bonuses despite Regina's losses.

Mr Malik-Noor was criticised for costs he imposed on the company, including the services of Maj Ron Ferguson, father of the Duchess of York, for the Regina-sponsored World Polo championships.

Mr Malik-Noor is reinstated as a non-executive director. He is proposing an extraordinary meeting for May 19 to remove Mr Geoghegan and Mr Shakesby from the board.

It is unclear what he has reinherited. At yesterday's meeting, Mr Shakesby admitted that in 1991, when Mr Malik-Noor provided £1.5m in debt and equity funding, approaches to several banks for outside finance were unsuccessful.

The sums injected by Mr Malik-Noor have been absorbed by the company's losses in the intervening period. With negative shareholders funds and no sign of a turnround Regina is no glittering prize.

However, three groups of individuals still wanted control. Ms Irene Stein, the founder who was ousted in a coup in 1989, said at yesterday's meeting that she had "what it takes to make this company work".

Mr Geoghegan also stated that if he survived the battle, he intended to take a significant stake in Regina.

The list of royal jelly users includes Ms Barbara Cartland and Millwall football team, but Mr Malik-Noor is hoping that profits will come from its push into east Asia.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Ass Brit Foods	int	8.5	Sept 1	8.5	-	15
Dickie (James) §	int	1	June 24	nil	-	2
EIS	fin	9	July 8	8.775	12.3	12
Farnell Elect	fin	4.2	July 4	3.4	7.4	6.2
Ferraris	int	0.85	July 11	0.75	-	2
How	fin	0.375	July 1	0.75	0.75	1.5
Jones Group	fin	8.5♣	-	8.5	12.5	12.5
Lowland Inv	int	3.3	June 17	3.2	-	9
McKechnie	int	5	July 22	5	-	14.75
Moss Bros	fin	5.5	June 23	4	7	5.5
Ryan Hotels	fin	0.5♣	Aug 4	0.5	1	1‡
Sykes-Pickav't §	fin	1.33	July 1	1.75	2.66	4

Dividends shown pence per share net except where otherwise stated. §USM stock. ♣Irish pence. ‡For 15 months.

Jones recovers to I£3.3m

A lack of exceptional losses enabled Jones Group, the Dublin-based shipping, manufacturing and oil distribution company, to report pre-tax profits of I£3.3m (£3.2m) for the year to December 31, against losses of I£4.46m.

The comparable figure was restated for FRS 3 and after losses of I£7.5m relating to the sale of the environmental and engineering divisions. Operating profits were I£3.49m, against I£3.17m including losses of I£714,000 from discontinued activities.

Turnover was I£68.1m, compared with I£101.3m which included I£35.1m from discontinued operations.

Earnings per share were 23.1p (40.4p losses). A final dividend of 8.5p is proposed for an unchanged total distribution of 12.5p.

Pilkington and Gobain in $130m S American expansion

By Maggie Urry

Pilkington and Saint Gobain, the UK and French glass makers, are expanding their joint-venture production capacity in South America through a $130m (£87m) total investment.

South America has been virtually the only buoyant market for glass in the world through the recession of recent years.

Two new float glass lines are being built, one in Brazil and one in Chile. The latter will be the first float glass line in Chile, and will replace a sheet glass plant.

The investments will be financed locally, and the funds spent over two years. Pilkington said they would have little effect on gearing which it had been trying to reduce through disposals.

In Brazil, Pilkington and Saint Gobain each have a 45 per cent stake in Cebrace, with the World Bank holding another 10 per cent.

Cebrace already operates two float lines and will build a third, raising annual saleable capacity from 360,000 to about 475,000 tonnes.

However, Mr Andrew Robb, Pilkington finance director, said that Cebrace had no net debt and was generating cash which would fund the investment. Cebrace had some spare capacity at present but projections were that it would be fully used by the time the third line came on stream.

As well as supplying the construction and automotive industries in Brazil, Cebrace will sell to Paraguay and Bolivia.

The Chilean investment will be made by Pilkington's 60 per cent-owned Argentine subsidiary Vidriera Argentina (Vasa) which is 40 per cent owned by Saint Gobain.

Vasa currently has a 20 per cent stake in Vidrios Lirquen, a Chilean company, and will pay $30m to take the stake to 51 per cent in June.

Lirquen will use the cash to fund the float line due on stream in 1996.

Acquisitions help EIS improve 7% to £16.2m

By Tim Burt

EIS Group, the specialist engineer, yesterday said it had defied the worst recession since the second world war to report a 7 per cent increase in 1993 pre-tax profits.

The group, comprising 66 subsidiaries making products including filters, pumps and aircraft components, overcame shrinking markets with profits of £16.2m (£15.1m).

The improvement was underpinned by five acquisitions during the year and full contributions from Fluidrive Engineering and Sime Industrie, the makers of fluid couplings and industrial disc brakes, purchased for £4.7m in 1992.

Turnover rose 26 per cent to £253.2m (£201.6m) including £8.89m (£13.3m) from acquisitions. The profit rise was despite a sharp fall in interest receivable to £451,000 (£1.2m).

Earnings per share declined from 26.8p to 24.9p following a tax charge of £5.75m (£5m).

However, Mr Peter Haslehurst, chief executive, said the prospects of newly acquired subsidiaries justified proposing an increased final dividend of 9p, making a 12.3p (12p) total.

Of the three divisions, fluid seals and power transmission couplings benefited most from acquisitions with operating profits increasing from £5.5m to £8.2m. "At least half the profits increase was due to contributions from new businesses," Mr Haslehurst said.

Funded by last year's £24.4m rights issue, acquisitions were dominated by the £11.2m purchase of Plenty Group, which is expected to boost the process equipment division which had profits of £2.93m (£2.06m).

On prospects, Mr Haslehurst said that while considering further acquisitions EIS also wanted to concentrate on turning round its aircraft and precision engineering division, where profits fell from £5.9m to £3.95m. "It's been hit by defence cuts and the downturn in civil aviation. We're not promising any good news from that division for two years."

His caution prompted an 8p fall in the share price to 426p.

● **COMMENT**

Although it has raised more than £42m from rights issues in the past three years, the catchphrase of the EIS board is "proceed with caution". Its prudence has paid off with carefully selected acquisitions which are expected to generate sales of £50m this year. Although there is some disquiet about the strength of the underlying businesses, the new subsidiaries should push profits ahead to £18.5m. Those profits, on a multiple of 15.5, could be enhanced by further acquisitions and makes the shares an attractive long-term option.

Thonet range to sit alongside Parker Knoll

By David Blackwell

Parker Knoll, famous for its reclining chairs, has announced that it is to distribute in the UK and the Irish Republic the modern chairs of Thonet of Austria, linking two of the world's most famous names in furniture.

Michael Thonet, the inventor of the process by which wood for furniture is steamed and bent, brought his chairs to London for the Great Exhibition in 1851, finding international success and sales.

Thonet, who had won the backing of Prince Metternich, the Austrian chancellor, had five sons who continued to spread the company's products around the globe. Between 1880 and 1930, when it employed more than 10,000 workers, the company made 50m chairs.

Martin and Tom Jourdan, descendants of Frederick Parker, who founded Parker Knoll in 1870, walked into the Cologne furniture fair 14 months ago and offered to distribute Thonet's modern designs in the UK, alongside the Parker Knoll range, part of the furniture division of Cornwell Parker.

The joint venture was announced in the Victoria and Albert Museum, where two of Michael Thonet's chairs are on permanent display.

Ferraris margins improve

Ferraris Group, the specialist engineering and medical equipment company, reported pre-tax profits of £350,000 for the six months to February 28.

The increase from the comparable £251,000 was achieved on turnover down from £5.43m to £5.18m, the later figure including a contribution of £121,000 from acquisitions.

Earnings per share dipped to 2.3p (2.4p), but the interim dividend is raised from 0.75p to 0.85p.

Marlowe to propose new B&F equity

By David Blackwell

Marlowe Holdings, whose offer for Bennett & Fountain, the wholesaler and retailer of electrical goods, went unconditional in November, said yesterday it would propose that B&F should seek "a very substantial amount of new equity from its shareholders which would dramatically dilute the existing share capital".

A letter to shareholders on February 11 said Marlowe believed a financial reconstruction was necessary to reduce borrowings of more than £20m, against shareholders' funds restated at £1.1m as at June 30.

Shares in B&F were suspended at 2¾p on February 28. They are expected to resume trading today following yesterday's announcement of the interim results.

For the six months to December 31 B&F incurred pre-tax losses of £4.73m (£1.58m) on turnover of £28.9m (£32.5m).

Marlowe's offer of 2p cash for each B&F ordinary share will close on May 9.

Associated British Foods

INTERIM RESULTS 1994

"Difficult trading conditions still prevail but our success to date in increasing the profitability of our operating divisions enables our company to look forward to the year's results with some confidence"

Garry Weston, Chairman

	1994 £million	1993 £million
Operating profit	147	130
Profit before tax	181	176
Shareholders' Funds	1,994	1,849
Earnings per share	28.5p	27.2p

The full unaudited interim statement for the 24 weeks to the 5th March 1994 will be posted to shareholders on the 26th April 1994.

Associated British Foods plc, Weston Centre, 68 Knightsbridge, London SW1X 7LR, England.

Norway

This Survey will be an overview of Norway, providing a comprehensive analysis of the economic and political situation, together with in-depth comment on key areas such as Norway's EU Membership, Oil & Gas, Banking, Manufacturing and Shipping.

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1993 Consolidated results

		1993	1993/1992
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Dividend proposed	FF	7.50	+ 7%
Total shareholders funds	FF	11.75 billion	+ 6.8%

"The Group's net profits showed a marked improvement during 1993 in nearly all its activities.
The Group's Balance Sheet remains strong and thus Worms & Cie should be well placed to take advantage of any new opportunities that may arise in the next few years".

Nicholas CLIVE WORMS
Senior Partner

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For further details, please return this advertisement, with your business card to: The Financial Times Conference Organisation, P O Box 3651, London SW12 8PH.

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FINANCIAL TIMES

COMPANY NEWS: UK

McKechnie ahead 22% but US loss hits shares

By Paul Cheeseright, Midlands Correspondent

Shares of McKechnie, the Midlands-based plastics and components group, yesterday fell 24p to 500p reflecting concern about the group's continued losses in the US.

In the half year to January 31, McKechnie's plastics operations in the US lost £2.1m, compared with operating profits of £1m.

This acknowledgement of continued problems overshadowed a 22 per cent rise in the pre-tax line from £10.8m to £13.2m and a return on sales, excluding the US, up from 9.3 per cent to 10.2 per cent.

The market had expected that McKechnie would have resolved its problems in the US of restructuring and retooling against a background of difficult markets, especially on the packaging side.

Assertions that, as Mr Michael Ost, chief executive put it, "we are now in recovery mode" were not enough to stabilise the share price, however.

Turnover increased from £140.8m to £191.5m and was ahead in each of the group's operating regions, including the US.

In the UK, McKechnie was helped by the contribution of Savage, last year's acquisition which increased the group's exposure to household products. Elsewhere, there were improved performances from Australia and New Zealand where McKechnie has benefited from the economic recovery. During the first half the UK and the Pacific, with respectively £8.1m (£5.8m) and £5.3m (£2.8m), were the main sources of operating profits.

Generally, the growth in operating profits came more from increased productivity than from any improvement in trading conditions. However, the group said there were "signs of growth" in its main markets and it was looking forward to "encouraging results for the year".

The interim dividend is held at 5p on earnings per share 8 per cent up at 10.3p (9.5p).

● **COMMENT**

There is no doubt that the US is an embarrassment to McKechnie. For all the explanations of difficult markets and steep learning curves, it is difficult to understand why management has taken so much longer to grip problems there than anywhere else. This is a pity because the rest of the McKechnie story is full of good news: Savage is making better than expected contributions, the Pacific markets are a joy to behold and, generally, the group is ready for cyclical upturns on individual markets. The second half always produces higher returns and the full year could produce pre-tax profits of £31m to give earnings of 24p per share. The shares would be on a multiple of about 21. The price will doubtless recover as soon as brokers revise profit projections on the back of a confirmed US recovery.

Pascoe's falls £970,000 into red

Pascoe's Group, the west country-based maker of pet foods which has recently undergone a financial restructuring, reported pre-tax losses of £970,000 for the six months to December 31.

There were losses of £764,000 for the half year to December 31 1992 and a restated £3.27m deficit for the year ended June 30 1993. The company, formerly known as Sheldon Jones, has changed its year end from June 30 to December 31.

Mr David Gwyther, chief executive, said that performance was broadly in line with the forecast made in December at the time of the £1.35m rights issue. A small overrun reflected slightly higher than expected costs and losses associated with discontinued businesses.

Turnover on continuing operations came to £3.53m (£8.03m). Mr Gwyther said the group was now focused on its core pet food business, where a development programme had continued through the period of change. New distribution had been achieved, new products introduced and marketing support maintained.

Losses per share were 18.75p and no dividend will be paid for the period. For the previous 12 months losses came out at 59.75p.

Losses narrow to £2.13m at How

How Group, the engineering maintenance and distribution company, announced lower pre-tax losses of £2.13m for 1993, compared with £2.28m. Mr Peter How, chairman, said the group continued to encounter difficult trading conditions.

Cost reduction and improved efficiency helped reduce operating losses to £480,000 (£650,000) on turnover of £133.4m (£135.7m). The pre-tax figure included a deficit of £1.65m (£4.32m) from discontinued operations and reorganisation costs of £760,000.

Mr How said the flurry of new enquiries and orders in the opening half lost impetus in the second six months.

However, they have started strongly this year and there is reasonable expectation of this being maintained. The group ended the year ungeared, with an improved net cash position and substantially reduced bad debts.

Losses per share were 3.61p (3.96p), or 0.86p (3.3p earnings) from continuing operations.

Following a reduced final of 0.375p the total dividend is halved to 0.75p.

Pearson in talks to buy US library

By Raymond Snoddy

Pearson, the media group, is in talks with ITC, a US television company, to buy a library with more than 10,000 hours of programmes and films.

The library contains many of the programmes made by Lord Lew Grade such as The Prisoner and films such as On Golden Pond.

ITC is owned by Morgan Private Equity, which in turn is a subsidiary of Hong Kong and Shanghai Banking. According to Variety, the US magazine, negotiations have begun which could lead to Pearson, owner of the Financial Times, acquiring ITC in a deal worth $175m (£120m). Pearson yesterday declined to comment on the report.

The signs are, however, that no agreement has yet been reached between the two sides after several months of negotiations.

Such a deal would fit in well with the recent Pearson strategy of expanding in the media and entertainment sectors and concentrating on the acquisition of intellectual property rights.

By acquiring Thames Television, Pearson bought the largest independent producer in the UK with one of the largest programme libraries.

Previous expansion by UK broadcasters into the US production market has proved to be both dangerous and expensive.

The purchase of MTM by TVS in 1988 for $320m led to serious financial problems and was at least a background factor in the company losing its south of England franchise to Meridian Broadcasting.

Thames's move into the US production market, although on a smaller scale, was also fraught. Before last year's acquisition by Pearson, Thames sold Reeves Entertainment, the lossmaking US production company.

The possible deal with ITC may involve only the library rather than new US production.

McCarthy & Stone cuts deficit

By David Wighton

John McCarthy: ordinary dividends should resume next year

McCarthy & Stone, Britain's biggest builder of retirement homes, cut pre-tax losses from £6.1m to £400,000 in the six months to February 28.

The loss before exceptional items was reduced from £5.7m to £1.2m, compared with an estimate of not more than £1.3m forecast last month when the company launched a £15.5m rights issue.

There is no dividend but the company said it aims to resume payments on ordinary shares in its next financial year.

Mr John McCarthy, chairman, said that increasing average sales prices and lower land costs, together with effective control of build costs and some further reductions in overhead had enabled the company to improve operating margins. "This process should continue to produce favourable results in future periods."

Gross profits rose to £8.1m (£5.8m) on turnover of £27.1m (£25.7m), while administrative expenses were cut from £9.1m to £7.5m. There was an operating profit of £1.6m, compared with a loss of £1m, before an £800,000 gain on the disposal of its Peverel management company. The proceeds from the disposal together with the rights issue cash would have given pro forma net bank debt of £7.3m at the end of the half year, compared with shareholders' funds of £81.2m. Losses per share emerged at 0.6p (8.7p).

Following the rights issue the company has committed UK banking facilities of about £41m extended to May 31 1995. It intends to revise the facilities in the near future with a view to obtaining better terms and providing greater facilities.

At the end of the period UK stocks comprised 921 (1,199) units of finished stock, 593 (367) units under construction and a land bank of 1,136 (1,418) units. The company added 571 units to its land bank, compared with 121 in the same period last year, at an average price "significantly" lower than the cost of land that is being charged against costs of sales.

"As we sell from the sites we are currently acquiring the average cost of sales will fall significantly," Mr McCarthy said.

Shield Diagnostics buys Porton offshoot

By David Wighton

Shield Diagnostics, one of the new wave of UK biotechnology companies, is making an acquisition from Porton International, the sector veteran. Shield, which came to the market in September, is buying Porton Cambridge, a similar business which makes in-vitro diagnostic tests for human diseases, including syphilis.

Shield is paying a nominal £1 for the share capital and providing funds for the repayment of £2.2m to its parent. An additional £200,000 is payable in the event of US regulatory approval for one of the company's diagnostic products.

Mr Gordon Hall, managing director, said: "This acquisition will add substantially to our turnover. The synergy between the businesses will allow considerable overhead savings to be made."

However, the company warned the savings would only be achieved after incurring significant restructuring costs.

Porton Cambridge incurred an operating loss of £448,000 last year, after £333,000 of management charges which will not recur under Shield's ownership. Turnover was £1.32m. In the year to March 1993 Shield reported a loss of £653,000 on turnover of £1.68m.

Shield's shares added 3p to 78p, compared with the 112p flotation price.

Porton International has proved a disappointing investment for the institutions which put up £76m during the 1980s.

Anagen cuts loss to £4m as R&D spending rises

Reduced pre-tax losses of £4.03m were announced by Anagen, the biotechnology company, for the year to December 31 1993. The company, which came to the market via a £14.3m placing last June, incurred losses of £5.39m in 1992.

R&D expenditure rose from £3.9m to £4.32m and Mr Henry Simon, chairman, said the AuraFlex programme had been its main activity in the year. He added that systems were being delivered to several European countries and the company believed its first product was on track to make a significant penetration of the immunodiagnostic market.

In the current year, the company would concentrate on new product development and on manufacturing the assay test packs for the AuraFlex system.

Turnover grew to £1.73m (£238,000). Losses per share were 11p (23.7p).

NEWS IN BRIEF

ALLNATT LONDON Properties, part of Slough Estates, made pre-tax profits of £24.6m (restated £25.7m) in 1993. Earnings per share were 41.7p (45.1p).

CAPITA has bought John Crilley, the UK's second largest provider of bailiff services to the public and private sectors, for £1.05m in convertible preference and convertible redeemable preference shares. Crilley, which achieved pre-tax profits of £1.5m in the 12 months to April 30 1993 on turnover of £7.55m, was the main competitor to Capita's Roach offshoot.

CLEVELAND TRUST is buying a portfolio of industrial investment properties in Scotland from subsidiaries of Ashtenne for £10m cash. Portfolio produces gross rental income of more than £1.2m a year before management costs.

GUILDHALL PROPERTY Company, part of Slough Estates, made pre-tax profits of £1.65m (£1.32m) for 1993. Earnings per share emerged at 17p against 20.2p.

HELICAL BAR has acquired remaining 7 acres of land at Watchmoor Park, Camberley, from J Sainsbury. The £25m development will be carried out in partnership with Averley Wood Properties.

RAND MINES LIMITED

Extracts from the unaudited consolidated results for the six months ended 31 March 1994

	Unaudited Six months ended 31 March 1994 Rm	Unaudited Six months ended 31 March 1993 Rm	Change %	Audited year ended 30 September 1993 Rm
Turnover	785.0	791.3	–	1 649.5
Profit before taxation	57.7	94.8	(39)	124.0
Attributable to shareholders in Rand Mines Limited	35.4	67.9	(48)	80.9
Extraordinary income/(charges) attributable to shareholders not included above	–	–		22.5
Earnings per share (cents)	59	114	(48)	136
Ordinary dividends per share (cents)	23	25	–	57.5
Dividend cover (times)	2.6	4.5	–	2.4

	Unaudited 31 March 1994	Audited 30 September 1993
Total assets (Rm)	2 532.3	2 523.3
Net asset value per share (cents)	857	821
Total liabilities to equity (%)	210	221
Debt to equity (%)	151	162
Current ratio	0.7	0.8
Interest cover (times)	1.4	1.4

- Export coal prices have decreased during the period under review. Spot market prices are however steadily improving.
- Demand from Eskom continued to grow.
- Operating profit was R77.9 million.
- The interest bill increased by R9.1 million due to Eskom interest previously capitalised, being charged to the income statement, in terms of contractual arrangements

Copies of the unabridged interim report are available from the UK Secretaries: Viaduct Corporate Services Limited, 19 Charterhouse Street, London EC1N 6QP

The Dividend Declaration is advertised today in this newspaper.

RAND MINES

(Incorporated in the Republic of South Africa) Registration No. 01/00658/06

CSEE

SIGNIFICANT GROWTH OF OPERATING INCOME, UP BY 55%

The Board of Directors, chaired by Mr. Yazid Sabeg, approved the accounts for 1993 during the meeting held on March 31, 1994.

EXPANDING AND REINFORCED BUSINESSES

In millions of FRF	1993	1992	% Change
Order book *	2,549	1,848	+ 38%
Turnover	2,073	1,451	+ 43%
Operating income	135.6	87.4	+ 55%
Net profit before goodwill and exceptional items	111.7	53.5	+108%
Exceptional (loss)/profit	(14.9)	87.3	NS
Profit before goodwill	96.8	140.8	NS
Profit after minority interests	54.1	104.5	NS
Net profit after minority interests and goodwill	48.2	103.6	NS
Cash flow from operations **	208.8	127.5	+ 63%

* *Excluding Korean TGV* *NS: not significant*
** *Excluding exceptional (loss)/income*

All the branches recorded strong growth in both orders and turnover:
- The Transport Branch won several contracts through its range of control command and signalling systems in Europe and Asia (Great Britain, China and Korea);
- Orders booked for the Defence Branch, which increased and stepped up its telecommunications and information technology through the acquisition of SECRE, totalled FRF 1,400 million;
- The Telecommunications Branch made technological and commercial headway in digital telephony in 1993 and widened its range of specialised transmission systems and equipment (SECRE) and software engineering (VERILOG);
- Finally the Road Branch successfully continued to develop its international sales of toll systems, particularly in China, Mexico and the United States.

In 1993, for the first time, the Group's international business accounted for a third of its worldwide business, up 19% from 1992. CSEE is present in more than 40 countries.

SHARP RISE IN OPERATING INCOME AND SHAREHOLDERS' EQUITY

Parallel to the strong growth in operating income, in the second half of the year the Group implemented restructuring programmes to promote research and manufacturing synergies between its branches.

Net profit before goodwill and exceptional items increased from FRF 53.5 million in 1992 to FRF 111.7 million.

The Group's financial position was further reinforced, particularly due to the capital increase which took place in June 1993.

Consolidated shareholders' equity amounted to approximately FRF 700 million and net cash to FRF 184 million.

POSITIVE OUTLOOK

Through its efforts to increase productivity and international development and widen its range of products and systems, particularly with the recent acquisition of ACELEC by CSEE-Transport, the Group can look forward to favourable growth in its businesses and earnings for 1994.

In the longer-term, the Group remains committed to improving its international leadership in all its areas of operations, including control command and railway signalling, fire control and combat systems for the Navy and highway toll systems.

This objective can only be achieved by maintaining a high level of Research and Development and forming international partnerships.

OMNIUM COMMUNICATION

PIRELLI

Société Internationale Pirelli S.A. - Basle

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In accordance with condition 11 (B) (f) (i) of the first schedule of the Trust Deed for the above mentioned convertible bonds, notice is hereby given to the Bondholders that the General Meeting of the Shareholders of Société Internationale Pirelli S.A. will be held in Basle on Thursday June 16th, 1994.

Requests for conversion into ordinary shares filed on/or before Wednesday May 18th, 1994 shall be submitted to the above mentioned General Meeting for the creation of the shares needed to satisfy the conversion request.

NOTICE OF ADJUSTMENT OF CONVERSION PRICE

To the Holders of
XCF Acceptance Corporation
(Formerly CalFed Inc.)
6 1/2% Convertible Subordinated Debentures due 2001

NOTICE IS HEREBY GIVEN that, pursuant to Section 1305 of the Indenture dated as of February 15, 1986, as amended, between XCF Acceptance Corporation, formerly CalFed Inc. (the "Company") and Chemical Bank, successor by merger to Manufacturers Hanover Trust Company, as Trustee (the "Trustee"), the Company certifies the following:

1) The Company is a wholly owned subsidiary of California Federal Bank, A Federal Saving Bank (the "Bank").
2) The Bank has recently completed an offering of 16,647,777 shares of the Bank's common stock (the "Common Stock") sold pursuant to the exercise of rights distributed to record holders of Common Stock (the "Offering") on March 1, 1994 (the "Record Date"). In the Offering, shares of Common Stock were sold for $9.00 per share.
3) As a result of the Offering, the Conversion Price (as defined in the Indenture) of the 6 1/2% Convertible Subordinated Debentures due 2001 (the "Debentures") is being adjusted from $176.25 per share to $149.33 per share of Common Stock. The foregoing adjustment was effective as of March 2, 1994 (the day following the Record Date).

If you have any questions, please call the Bank's Investor Relations Department at (213) 932-4200.

XCF ACCEPTANCE CORPORATION
By: Chemical Bank, Trustee

Dated: April 26, 1994

هكذا من الاصل

COMPANY NEWS: UK

Moss Bros surprises City with 77% boost

By David Blackwell

Shares in Moss Bros, the clothing outfitter, jumped by 46p to 325p yesterday as profits sharply exceeded City expectations.

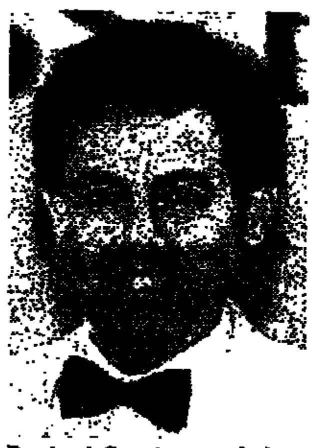
Pre-tax profits for the year ended January 29 rose by 77 per cent, from £2.3m to £4.08m, on the back of an 11 per cent rise in turnover, from £55.8m to £62.1m.

Profit estimates were pitched between £2.7m and £2.9m.

Mr Rowland Gee, managing director, said the group had increased its share of the UK suit market from 5.5 per cent to 6.5 per cent.

"We have not sacrificed any margin – we certainly did not buy our turnover", he stated, adding that costs would continue to be tightly controlled.

Operating profits rose from £1.37m to £3.69m.



Rowland Gee: increased share of UK suit market from 5.5 to 6.5 per cent

Earnings per share more than doubled from 8.52p to 18.86p after a £636,000 tax credit, which reduced the tax charge to £916,000.

Without the tax credit, earnings per share were 15.07p.

A final dividend of 5.5p (4p) is proposed, giving a total for the year of 7p, up from a previous 5.5p.

Capital expenditure was three times ahead of the previous year's figure at £2.3m. Nevertheless, said Mr Gee, net cash at the year end expanded by £1.1m to £15.5m.

Net interest receivable fell to £700,000, compared with £933,000.

The Moss Bros group now has 101 stores – 40 Savoy Taylors Guild branches, serving the classic suit market; 46 Suit Company outlets for the mainstream market and 15 Cecil Gee fashion stores.

It has maintained its lead in suit hire, operating at 77 of its stores with a 40 per cent market share.

Mr Gee said the current year had started well, with like on like sales running 12.5 per cent higher than last year.

Offer in pipeline for Brandon Hire

By John Murrell

Brandon Hire yesterday announced an acquisition that could lead to a mandatory offer being made for the USM-traded tool, catering and furniture hirer.

The purchase, for 3.75m new ordinary shares, is that of JSL Fasteners, formed last year by Mr John Laycock who founded a similar business in 1975 which he sold to Brown & Tawse in 1989 for £10m.

At the same time Mr Laycock has agreed to acquire 2.25m Brandon Hire shares – some 21.7 per cent of the equity – at 55p from Mr Colin Stone, Brandon's joint managing director, finance director and co-founder, who will resign with compensation for loss of office.

On completion of the transactions, which are subject to approval at an extraordinary meeting convened for May 18, Mr Laycock will own or control 6m ordinary shares, representing 42.5 per cent of the enlarged capital.

Under Stock Exchange rules he will then have to make a mandatory offer for the outstanding balance at the highest price he has paid over the past 12 months – namely 55p.

Mr Laycock, who will be appointed chief executive, is also being offered warrants which, if exercised, would raise his interest to 52.04 per cent.

JSL Fasteners, which started trading last September, operates from four depots. In its first six months of trading it achieved turnover of £730,000 and incurred anticipated pre-tax losses of £140,000.

It was pointed out that over the period monthly sales had risen from £30,000 to £160,000 and were currently running at a level which would produce an annualised turnover of about £2m.

Brandon Hire shares closed 7p higher at 60p.

NEWS DIGEST

James Dickie up to £628,000

James Dickie, the engineering components manufacturer, pushed ahead both turnover and pre-tax profits for the six months to February 28, and is restoring its interim dividend payment.

Reflecting improvements in demand and new business, turnover of this USM-quoted concern expanded from £7.86m to £10.6m while the surplus before tax amounted to £628,000 against a previous £250,000.

Earnings per share were 6.91p (3.03p) and the interim payment – the first since 1990 – is 1p; last year's final single payment was 2p from pre-tax profits of £678,000.

The group invested £520,000 in plant and machinery during the first six months and expenditure is expected to total £350,000 in the second half, the directors stated.

Despite the level of investment they added that "gearing reduced encouragingly" during the interim period, and should reduce more by the year end.

Trans World buy

Trans World Communications, the independent radio group, is making an agreed £404,000 offer for the remaining 25 per cent of shares in its West Yorkshire Broadcasting subsidiary.

Trans World is paying 0.209p cash per share for WYB, which operates two services – Radio Aire FM and Magic 828 AM.

Acceptances from Headington Holdings and Maxwell Communication Corporation – both in administration – and Midland Bank (Overseas) Nominees total 40.78m shares (21 per cent), giving Trans World overall control of 96.5 per cent of WYB.

Lowland Investment

Taking prior charges at par, the net asset value of Lowland Investment Company improved to 299.8p per share at March 31.

The figure compared with values of 282.4p at the trust's September year-end and 251.7p at end-March 1993.

The trust, part of the Henderson Touche Remnant stable, reported net revenue lower at £847,000 (£899,000) for the six month period, reflecting lower fixed interest exposure.

The interim distribution goes up to 3.3p (3.2p), still covered by earnings per share reduced to 3.61p (3.82p).

Usborne support

Directors of Usborne, the grain merchanting and pig production company, yesterday stressed that its principal bankers, Barclays and Midland, were continuing to provide overdraft support for its trading activities.

The company's shares were suspended at 19½p last week following a warning of sizeable first-half losses as a result of a number of difficulties in pig production operations.

Senior management changes were under way in the division, directors said yesterday.

Sykes-Pickavant

Sykes-Pickavant Group, the USM-quoted engineering products distributor, reported profits of £305,000 pre-tax for 1993, against £118,000.

The comparative figure was restated for FRS 3 and struck after operating losses of £511,000 on discontinued activities.

Turnover fell from £18.7m to £18.2m, with higher exports partly making up for lower domestic sales, resulting from the postponement of smoke meter tests by the Vehicle Inspectorate and computer problems.

Earnings per share were 1.98p (1.02p). A final dividend of 1.33p is recommended for a total of 2.66p (4p).

ML placing

ML Holdings, the aerospace, defence and electronics group, is issuing 7.5m shares, which are being placed at 41p to raise about £3m.

The placing follows the four acquisitions the group has made since the beginning of the year for a total of £1.6m. Mr John Bryson, finance director, said proceeds would be used to reduce gearing and to fund the working capital needs of the acquisitions.

Fleming Income Cap

Net asset value at Fleming Income & Capital Investment Trust share was 87.02p per share at March 31, compared with 77.5p a year earlier.

Gains in the first nine months of the trust's year were held back by poorer performing yields in the final quarter.

Available revenue came through at £4.54m, against £5.32m.

Ryan Hotels

Compared with losses of I£1.35m for the previous 15 months, Dublin-based Ryan Hotels recovered with pre-tax profits of I£1.2m (£1.16m) for the year to January 31.

Turnover amounted to I£22m against I£25.2m.

The directors stated that all group hotels traded profitably with record contributions from the Gresham Hotel, Dublin, the Killarney Ryan Hotel, the Galway Ryan Hotel, and Le Belson Hotel in Brussels which had the benefit of an additional 50 bedrooms for the full year.

Profits included exceptional credits of I£193,000, against debits of I£783,000.

Earnings per share were 1.37p (2.37p losses). The final dividend is held at 0.5p for an unchanged total of 1p.

"The only major society to achieve an increase in profit for fourteen consecutive years."

CHAIRMAN'S REPORT

Highlights of Chairman's Report, Annual Report and Accounts 1993.

Annual General Meeting – 26th April 1994.

» Pre-tax profits increased to £66.8 million, up 20% on 1992.

» Assets increased to £5.35 billion – up 10% on 1992.

» Cost/income ratio reduced to 38.7% – a 15% improvement over 5 years.

» Mortgage lending of £850 million – a market share 44% above industry asset share.

» Net retail receipts of £223 million – 10% of the industry total.

PETER H. COURTNEY
CHAIRMAN

YORKSHIRE Building Society
Britain's Key Building Society

Head Office: Yorkshire House, Yorkshire Drive, Bradford BD5 8LJ.

Pre-tax profits with equitable adjustments prior to the new disclosure requirements following the 1986 Act. Yorkshire Building Society has increased profits each year over a 14 year period, a performance matched by no other Society in the top 20 in 1993.

LONDON RECENT ISSUES

Newly issued shares appear for approximately two to six weeks in the London Recent Issues table. At the end of this period, a stock is normally moved to the appropriate category of the London Share Service if the company so requests.

In the full weekday editions of the FT, published on Tuesday to Friday mornings, the table appears on the half page of London Market Statistics that also includes the FT-Actuaries Fixed Interest Indices and London traded options prices.

On Saturdays it appears in the UK Company News page, and on Mondays on the Currencies, Money & Capital Markets page.

ALLIANCE & LEICESTER
Alliance & Leicester Building Society

£13,000,000
Subordinated Floating Rate Notes due 1998

For the six months 21st April, 1994 to 21st October, 1994 the Notes will carry an interest rate of 6.20% per annum with an interest amount of £31,084.93 per £1,000,000 Note, payable on 21st October, 1994.

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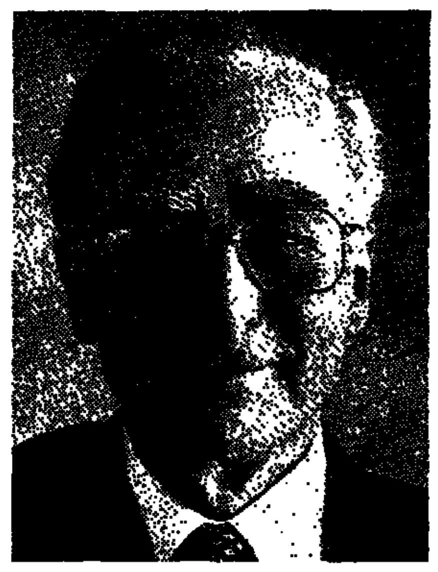
"An excellent set of results for Bradford & Bingley in a year of tentative recovery and fierce competition".



Donald Hanson, FCIS, CIMgt, FRSA, Chairman
Bradford & Bingley Building Society.

It gives me great pleasure to be able to report a substantial improvement in the Society's performance in 1993.

The gradual recovery in the state of the economy, due in no small part to reducing interest rates and low inflation, enabled Bradford & Bingley to reinforce its position as the UK's seventh largest Building Society. A 47% increase in pre-tax profits, now included in our reserves, has strengthened our capital position to £836m and underpins the security of members' savings. Lower interest rates have also eased the hardship faced by many borrowers and enabled us to reduce the provision for bad debts by 46% compared with 1992.

The housing market saw some very slight recovery but nevertheless, the level of activity was low and this is reflected in a growth of assets that was not as high as we have experienced in previous years. The two budgets of 1993 did very little to encourage the housing market, and in particular, the decision to reduce mortgage interest tax relief to 15% by April 1995 could prove to be a major disincentive, particularly for first time buyers. This was a particularly disappointing move at a time when demand in the housing market remains fragile. It is to be hoped that the savings achieved will be used by the Government to provide another form of incentive to encourage more people to buy their own home.

1993 RESULTS	1993 £m	1992 £m
Pre-tax profits	134.3	91.3
Assets at year end	13,864	13,049
Group capital	835.6	760.1

Building Societies faced particularly stiff competition for deposit-based savings. In spite of this, the Society achieved a retail savings surplus of £384m – well in excess of our normal market share. For those who opt for equity-based investments, our financial planning expertise as the UK's largest high street provider of independent financial advice, is available throughout our branch network and from our mobile financial planning consultants.

Another major achievement was the acquisition of a licence to operate a bausparkasse – the nearest equivalent of a building society – in Germany. We are the first UK building society to move into this market which offers great potential for both savings and lending business. I am confident that this exciting venture will have a significant impact on the future profitability of our group operations.

The UK recovery, although somewhat fragile, appears to be continuing and I believe we can look forward with increased optimism. Competition in financial services is intense and will become even more so in the next few years, but Bradford & Bingley is in a strong position, both financially and strategically and will build on its proven record to face the future with confidence.

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COMMODITIES AND AGRICULTURE

Russian nickel output exceeds western estimates

By Kenneth Gooding, Mining Correspondent

Russia's nickel production last year was much higher than previous western estimates suggested and its consumption was much lower. This became clear after Russia for the first time supplied government statistics on its nickel market to the International Nickel Study Group, the Hague-based industry organisation.

The figures revealed Russia's primary nickel production last year was 190,000 tonnes, some 22 per cent below the 1992 level but well above the 168,000 tonnes previously estimated by the study group. Nickel consumption was 60,000 tonnes compared with the study group's estimate of 80,000 tonnes.

Russia's official nickel exports came to 110,000 tonnes, down from 133,000 tonnes in 1992. The study group pointed out, however, that these exports excluded those of ferro-nickel or other forms of the metal, estimated to be nearly 30,000 tonnes in 1992.

Mr Glen Wittur, secretary-general of the INSG, said that the official Russian figures would be used by the study group from now on. However, it was still not clear how often the statistics would be supplied.

China, a prospective study group member, reported that nickel output at its principal facility, Jinchuan Nonferrous Metals Corporation, reached 27,300 in 1993 or 88 per cent of total Chinese production. This also suggests the study group underestimated China's output which it previously gave as 29,500 tonnes. Jinchuan is being expanded so that China's nickel production will rise to 50,000. China's 1993 nickel consumption was estimated to be 45,000 tonnes. Consumption is predicted to rise to 70,000 tonnes by the year 2,000.

MARKET REPORT

Coffee futures hold firm

London Commodity Exchange COFFEE futures held firm in thin trading yesterday as investors looked ahead to today's meeting between the Brazilian officials and coffee growers over the government's plan to sell official stocks. "Until that's out of the way, no one is prepared to take a view on the market," one trader said.

The July position closed at $1,496 a tonne, up $23 but well short of the recent high.

There was no reaction to news that the robusta coffee retention indicator had passed the 70 cents-a-pound mark, allowing sales of beans stockpiled under the producer's market support scheme.

COCOA prices lost ground in the afternoon. Early industry buying was confined to bargain-hunting and failed to follow prices up, traders said. By the close the July price had retreated from a high of £888 a tonne to £874, down £6 on the day.

Base metals trading at the London Metal Exchange remained slow. COPPER ended steadier but with the three months delivery prices below the earlier high of $1,930 a tonne as a lack of follow-through interest and a downturn in the New York market prompted profit-taking and speculative selling.

ALUMINIUM also slipped from earlier highs as resistance and selling emerged towards $1,300 a tonne for three months delivery. It was last at $1,291.50, up $4.50.

Compiled from Reuter

Finance mandate awarded for Qatar Gas

By Robert Corzine

A group of six international banks has been awarded the mandate to arrange up to $680m to finance the upstream elements of Qatar's first liquefied natural gas project.

The total cost of Qatar Gas, the first of two proposed LNG projects in the country, will be about $4bn by the time the first shipment of LNG is made to Chubu Electric Power company in Japan in 1997. Japanese banks and government agencies are responsible for financing the more than $3bn "downstream" part of the project, including the liquefaction plant and the LNG carriers.

The total amount of limited recourse financing for the upstream section – which includes the offshore production platforms and pipelines to the land facilities – will depend on the extent of export credit in equipment contracts now being let. The upstream partners in Qatar Gas are the Qatar General Petroleum Corporation, Total of France and Mobil Oil of the US.

The financing is expected to be in place this year. The group of banks includes Barclays, Crédit Lyonnais, Gulf International Bank and Société Générale. J.P. Morgan is advising the Qatar Gas partners and Citibank is an adviser to QGPC.

Dutch agriculture faces a Herculean task

Over-stocking farm land with animals has created a problem of Augean proportions

FARMER'S VIEWPOINT

By David Richardson

Professor Dr Ir van Dijk has three academic qualifications and three jobs. He is professor of agricultural co-operation at Wageningen University, director general of the Dutch National Co-operative Council and chairman of the International Agricultural Strategy Council for the Dutch government. But when I met him a few days ago he had his arm up the back of one of his pedigree Texel ewes which was having difficulty lambing.

It must be said that he and his family have only a small flock at their old farmhouse in the Dutch village of Lienden and that the sheep are kept more for a hobby than as a business. But it was immediately clear that in spite of the long list of letters after his name this was a practical man who understood farming.

I visited Prof van Dijk to learn about "Ter Zake", of which he is one of the authors and which literally translated means "To Work". It is a rallying call to Dutch farmers to get on with sorting out their problems themselves rather than relying on the European Union or the Dutch government. It epitomises the purpose of a "great debate" now under way across the rural areas of The Netherlands on future policies for farming.

For although Dutch farmers have a long-standing reputation for being among the most innovative and efficient in Europe they are now, as Prof van Dijk explained to me, facing declining incomes, severe environmental restrictions and a deteriorating relationship with the Dutch public. The Great Debate, he hopes, will identify and define these problems so that obvious solutions may emerge and ancillary organisations and businesses can get "to work" on implementing them.

There can be no doubt that Dutch agriculture is in crisis. Unlike British farmers, who have seen incomes rise during the past two years, incomes in The Netherlands have continued their downward trend. Moreover the Dutch experience is what the authors of the reform of the EU's common agricultural policy intended. British farmers' good fortune is, to a large extent, the result of the devaluation of sterling in September 1992 and the subsequent statutory adjustments to green currencies to bring UK farm prices up, by some 20 per cent, to their real value compared with other EU currencies.

During earlier years, in the 1970s and 1980s, Dutch farmers had overcome the shortcomings of their small-farm structure by intensifying their management methods, especially with livestock. Dutch traders discovered alternative animal feed ingredients, such as manioc from Thailand, which could be cheaply imported from third countries, by-passing EU tariff restrictions. Dutch food processors developed markets for farm produce all over the world. And in spite of its small land area, The Netherlands became one of the biggest exporters of agricultural goods in the world.

But animal feed, once it has passed through the animal, turns into dung. There are now so many animals on Dutch farms eating so much imported feed that the business of disposing of their wastes on the limited land available has become unbalanced. Indeed critics have suggested that some areas in the east and south of the country are like a gigantic sewage farm.

Inevitably this has led to environmental problems. Soils have become so over-burdened with certain minerals that they have become a pollution hazard. In spring, when animal slurry, stored all winter, is spread, or as is now decreed, injected into the land, the smell across wide areas of the country is unpleasant, even to a farmer's nose.

Attempts have been made to contain the problem by limiting the number of animals kept on each farm and by government regulations on the quantity of slurry applied to land. But the restrictions were applied after the animal population had reached unmanageable proportions and there has so far been no serious move to cut livestock numbers.

The Great Debate has at least resulted in this possibility being discussed – although the current priority seems to be to find some way to feed pigs, for instance, so that they produce lower mineral levels in their dung. The fact that exports of intensively-produced livestock are so important to the Dutch balance of payments is clearly significant to the debate.

It goes without saying that this intensity of livestock production has been significant in the deterioration of Dutch farmers' public relations.

The Great Debate has been going on for several months now. Every region and every sector of Dutch agriculture and horticulture has been involved and some preliminary conclusions are, apparently being reached.

Quite apart from the excess of livestock it has, for instance, been admitted that there are too many abattoirs in the country and some kind of rationalisation seems to be on the cards. The farm supply trade, dominated as it is by co-operatives, has recognised that it is overmanned. The three farmers' unions representing Catholics, Protestants and Liberals have begun to talk of forming one federation.

A recent survey has indicated a growing acceptance among Dutch farmers that they need to farm in more environment-friendly ways. Prof van Dijk told me of new targets to reduce farm emissions of potentially polluting chemicals, minerals and gasses by between 70 and 80 per cent. Exactly what that means in terms of inputs and in turn production is not yet entirely clear, although establishing this is exercising the minds of Dutch agricultural economists.

Some of the 100,000 farmers in The Netherlands have begun to realise that there may not be an adequate living for more than half that number by the end of the century.

The growing self-awareness that appears to be coming about as the Great Debate progresses is being achieved through discussion and without confrontation. And it is beginning to lead to pragmatic decisions by individuals and groups.

Some are addressing problems with a view to beating them. Others are planning to get out of business while they still have time.

All in all the debate seems to be a catalyst for change. And although the British farming industry is nothing like as intensive and does not yet face the same degree of crisis, I feel sure that it would benefit from a similar self-examination.

Peruvian state-owned copper smelter sold

By Sally Bowen in Lima

US-owned Southern Peru Copper Corporation, producer of two-thirds of all Peru's copper, bought the state-owned Ilo refinery at auction in Lima on Friday.

Although five potential bidders had pre-qualified for this, the second attempt at a sell-off, SPCC made the only offer.

The initial, February, asking price of $75m was reduced by 10 per cent for the second auction. SPCC bid $68.9m for all Ilo's assets, although it will hand back $5m in unwanted buildings for the state to dispose of.

SPCC had always looked to be the natural buyers for Ilo. The refinery, purpose-built in 1975 at a cost of $56m, produces 99.9 per cent pure copper cathodes from SPCC-supplied blister copper under a tolling agreement. Output last year topped 180,000 tonnes.

The new purchase will enable SPCC to integrate its smelting and refining operations and cut costs. It will invest more than $20m in upgrading and expansion of the refinery in the next three years. This should boost SPCC's total output of refined copper by about 9 per cent.

Faroes licenses seismic oil survey

By Hilary Barnes in Copenhagen

The government of the Faroe Islands has awarded a licence for seismic surveys on the Faroese continental shelf to the American company Western Geophysical Corporation, of Houston, Texas.

The licence marks the beginning of the Faroe Island's programme to explore for hydrocarbons in its offshore continental shelf area.

BP has made a substantial oil discovery south-east of the Faroe Islands and close to the dividing line between the Faroes' and the British sectors, over which there is an unresolved dispute between the two countries.

The Faroe Islands is a self-governing province of the Kingdom of Denmark. Economically the group is almost entirely dependent on fisheries. It is in the throes of a serious depression caused by falling stocks and prices of fish. Denmark has had to pump substantial sums of money into the the islands' to prevent total economic collapse. Against this background, the islands' government is pinning its hopes on hydrocarbons prospects.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1263-4	1289-90
Previous	1259-60	1284-5
High/low		1296/1289
AM Official	1266-7	1292.5-3.0
Kerb close		1291-2
Open int.	258,591	
Total daily turnover	45,767	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1305-10	1310-15
Previous	1305-10	1305-10
High/low		1315/1310
AM Official	1307-12	1309-11
Kerb close		1310-5
Open int.	4,087	
Total daily turnover	461	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	440-1	455-5.5
Previous	434.5-5.5	449.5-50
High/low		458.5/453
AM Official	442-3	457.5-8.0
Kerb close		458-9
Open int.	32,402	
Total daily turnover	7,460	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5240-5	5315-20
Previous	5235-40	5305-10
High/low		5365/5310
AM Official	5240-5	5320-5
Kerb close		5325-30
Open int.	54,057	
Total daily turnover	20,362	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5325-30	5385-90
Previous	5310-15	5370-5
High/low		5410/5385
AM Official	5330-5	5390-2
[illegible]		

■ ZINC, special high grade ($ per tonne) [illegible]

■ COPPER, grade A ($ per tonne) [illegible]

■ HIGH GRADE COPPER (COMEX) [illegible]

PRECIOUS METALS

■ LONDON BULLION MARKET [illegible]

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Apr	373.4	+2.8	373.3	372.2	586	210
May	373.7	+2.8	-	-	-	-
Jun	374.9	+2.8	375.3	372.0	96,240	31,525
Aug	377.6	+2.8	377.9	374.6	11,389	796
[illegible]						

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.) [illegible]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.) [illegible]

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.) [illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls, $/barrel) [illegible]

■ CRUDE OIL IPE ($/barrel) [illegible]

■ HEATING OIL NYMEX (42,000 US galls; c/US galls) [illegible]

■ GAS OIL IPE ($/tonne) [illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu) [illegible]

■ UNLEADED GASOLINE NYMEX (42,000 US galls; c/US galls) [illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	113.75	-0.05	114.00	113.75	785	212
Jun	114.35	+0.05	114.70	114.40	1,081	91
Sep	96.30	+0.90	96.10	95.85	469	35
Nov	97.20	+0.80	97.00	96.50	1,377	127
[illegible]						

■ WHEAT CBT (5,000bu min; cents/60lb bushel) [illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel) [illegible]

■ BARLEY LCE (£ per tonne) [illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel) [illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb) [illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton) [illegible]

■ POTATOES LCE (£/tonne) [illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point) [illegible]

TEA [illegible]

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	852	-7	865	850	7,401	724
Jul	874	-6	888	873	20,995	979
Sep	893	-5	907	892	13,158	966
Dec	918	-6	930	916	18,723	941
[illegible]						

■ COCOA CSCE (10 tonnes; $/tonnes) [illegible]

■ COCOA (ICCO) (SDR's/tonne) [illegible]

■ COFFEE LCE ($/tonne) [illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs) [illegible]

■ COFFEE (ICO) (US cents/pound) [illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs) [illegible]

■ WHITE SUGAR LCE ($/tonne) [illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs) [illegible]

■ COTTON NYCE (50,000lbs; cents/lbs)

[illegible]						
Dec	72.10	+0.33	72.20	71.55	15,143	2,156
Mar	73.05	+0.55	73.05	72.52	1,311	65
May	73.35	+0.60	72.80	72.80	581	31
Total					58,188	14,335

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

May	99.60	-1.40	101.25	99.20	3,411	484
Jul	102.10	-1.50	103.75	101.60	12,709	752
Sep	104.80	-1.80	106.75	104.75	2,224	297
Nov	107.00	-0.75	107.55	107.00	1,109	6
Jan	108.75	-0.75	109.00	108.25	2,184	301
Mar	111.00	-0.45	111.00	110.25	695	33
Total					22,252	1,803

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Apr 23	Apr 22	month ago	year ago
1831.7	1824.9	1848.6	1653.9

■ CRB Futures (Base: 4/9/56=100)

Apr 22	Apr 21	month ago	year ago
221.84	221.60	230.75	209.52

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jun	72.025	-0.250	72.850	71.950	32,157	4,265
Aug	70.500	-0.150	71.100	70.400	12,255	1,106
Oct	72.000	-0.300	72.400	71.850	11,030	678
Dec	72.625	-0.025	72.850	72.500	5,903	372
[illegible]						

■ LIVE HOGS CME (40,000lbs; cents/lbs) [illegible]

■ PORK BELLIES CME (40,000lbs; cents/lbs) [illegible]

LONDON TRADED OPTIONS

[illegible]

LONDON SPOT MARKETS

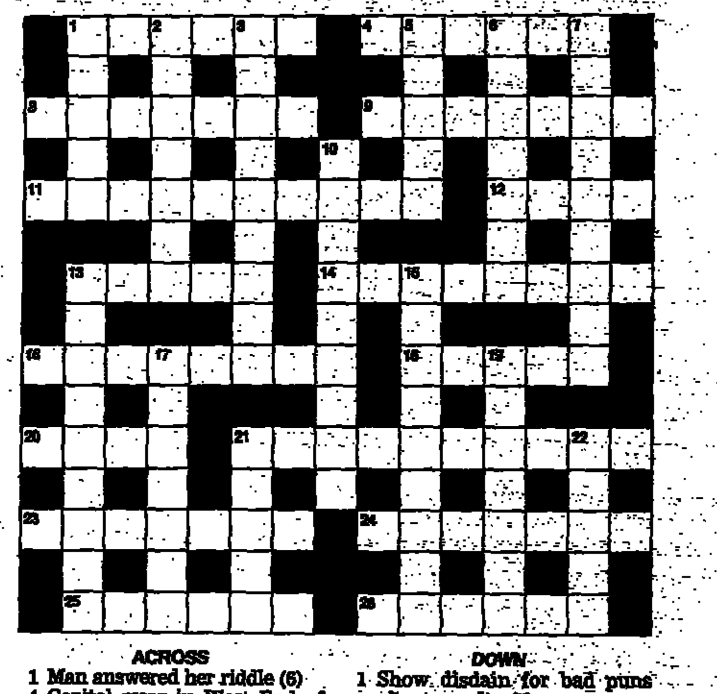
■ CRUDE OIL FOB (per barrel/Jun) [illegible]

■ OIL PRODUCTS NWEprompt delivery CIF (tonne) [illegible]

■ OTHER [illegible]

CROSSWORD

No.8,438 Set by DANTE



ACROSS

1 Man answered her riddle (6)
4 Capital wear in West End of city (6)
8 Neglected to give a briefing (9-4)
9 They go along with kinky corsets (7)
11 Alan sent up in a disagreeable way (10)
12 Love new hat – don't lie on it! (4)
13 Handle the company's capital (5)
14 Denial in the form of no eating (8)
16 An appetising drink (8)
18 Shelter for the brave (5)
20 Not a big row, though it turns very noisy (4)
21 Better order meal before I make speech (10)
23 Throttle left out – that's odd! (7)
24 Base for soldier in retreat, one of rank (7)
25 Turned key and pulled (6)
26 An explosion due to the cold (6)

DOWN

1 Show disdain for bad puns about royalty (5)
2 Concealed goal set for Spanish Don (7)
3 A card-game, of course (9)
5 Unexpected reversal for top people (5)
6 Burst from a large meal (4-3)
7 Out to make one uneasy? (3,2,4)
10 Made to look great! (9)
13 Odd story about a shipwreck? Don't believe it! (9)
15 Well past one's prime, yet still making progress (7,2)
17 Do without the chorus (7)
19 Will find postal order in one's wallet (7)
21 Viewpoint that may vary to some degree (5)
22 Possibly it led or leads to varied pronunciation (5)

Solution to Saturday's prize puzzle on Saturday May 7.
Solution to yesterday's prize puzzle on Monday May 9.

JOTTER PAD

مكتبة الاهرام

LONDON STOCK EXCHANGE

MARKET REPORT

FT-SE Index drifts down towards the 3,100 area

By Terry Byland
UK Stock Market Editor

The London stock market had an uncomfortable session, with the FT-SE Index falling to within 7 points of the 3,100 area as a sell-off in German bonds *brought a* reaction in British government securities. Trading volume in equities was very low, although ready interest was shown in a handful *of* speculative situations.

Shares tried to rally when Wall Street opened higher but turned back again to close at the lowest levels of the day as the early gain on the Dow was trimmed to 11 points at the London close. The final reading of 3,106.1 showed the FT-SE Index with a net fall of 27.6 on the day.

The market opened higher in spite of a further waning in hopes for a base rate cut. Gains were soon reversed, however, as bond markets turned down across Europe. The absence of any encouraging communiqué from the meeting at the weekend of the G7 finance ministers left markets unsettled and UK bonds were not helped by the announcement of 0.7 per cent growth in domestic gross domestic product for *the first* quarter. There was little response, however, to a slight widening in the UK's non-EU trade deficit in March.

Selling pressure was persistent, rather than severe. One trader commented that "for every decent buyer, there were a couple of sellers", and the loss on the Footsie soon extended to 25.4 to reach 3,108.3. The downward drive came from the stock index futures, which were, in their turn, shying away from losses in UK bonds which ranged to around 1¼ points at one time. Losses in bond markets have unsettled UK equities for the past two months.

There were signs, however, that investors, having largely abandoned hopes for a base rate cut, were switching attention to recovery stocks. Chemical issues, encouraged by good trading figures from Du Pont in the US, looked for similar signs of progress in the UK sector of the industry. This month's indications of growing UK retail sales were reflected in demand for those leading store groups still to report on progress for the first quarter of the year. Oil shares remained very firm behind the rally in crude oil prices, with Lasmo attracting strong demand as bid speculation continued to flourish.

But across the range of the market, there was no escaping the negative influence of the bond and futures markets. The FT-SE Mid 250 Index fell 21.9 points to 3,767.6.

Trading volume proved very slow in the first half of the session and even the attempted rally only lifted the day's Seaq total to 522.3m shares, compared with 816.3m on Friday, when retail business was worth a healthy £1.67bn.

Analysts sounded disappointed that European and US bond markets were still so nervous, and that UK equities could still be so clearly unsettled by pressures from the fixed interest sectors.

This week brings a number of significant investment hurdles, with the US GDP numbers for the first quarter and the German money supply data, both due at the end of the week, capable of upsetting the investment mood.

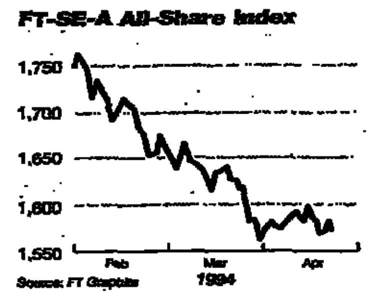
The stock market is expected to focus this morning on the quarterly survey of business optimism among members of the Confederation of British Industry (CBI). A week ago, CBI members appeared less optimistic on retail sales than was indicated by the official statistics subsequently released.

Account Dealing Dates

*First Dealings:		
Apr 11	Apr 25	May 16
Option Declarations:		
Apr 21	May 12	Jun 2
Last Dealings:		
Apr 22	May 13	Jun 3
Account Day:		
May 3	May 23	Jun 13

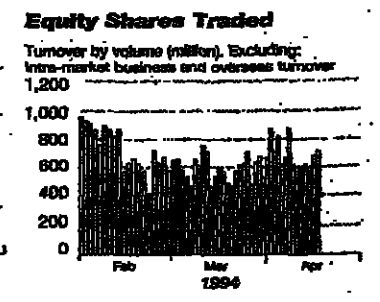
*New time dealings may take place from two business days earlier.

FT-SE-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



Key Indicators

Indices and ratios

FT-SE 100	3106.1	-27.6	FT Ordinary index	2477.9	-23.0
FT-SE Mid 250	3767.6	-21.9	FT-SE-A Non Fins p/e	20.50	(20.67)
FT-SE-A 350	1579.5	-12.9	FT-SE 100 Fut Jun	3102.0	-38.0
FT-SE-A All-Share	1571.74	-11.87	10 yr Gilt yield	7.94	(7.77)
FT-SE-A All-Share yield	3.69	(3.66)	Long gilt/equity yld ratio:	2.21	(2.18)

Best performing sectors		Worst performing sectors	
1 Oil Exploration	+2.0	1 Gas Distribution	-3.0
2 Other Ser & Bus	+0.3	2 Pharmaceuticals	-2.1
3 Media	+0.2	3 Electricity	-2.1
4 Property	+0.2	4 Utilities	-1.8
5 Oil, Integrated	+0.2	5 Telecommunications	-1.4

Lasmo in the bid frame

The stakebuilding/takeover speculation that has surrounded Lasmo since the oil exploration group announced *its £219m rights issue* two weeks ago erupted again yesterday with the market responding to strong rumours that a 180p a share bid will be launched this morning.

The bid rumours were accompanied by another session of heavy activity in Lasmo *ordinary shares*, in the new "nil-paid" stock and in the traded options. The ordinaries closed 8 higher at 155p, after 158p, with turnover reached 18m shares, while the new nil-paids settled 8 firmer at 50p, after 54p on 7.7m traded.

Lasmo was the heaviest traded in the options market where the equivalent of 2.2m shares changed hands. The turnovers in the stock, nil-paids and options yesterday were similar to big volumes in all three for much of last week.

Dealers said that among the favourites to launch a bid for Lasmo were Enterprise, Elf, British Gas, PowerGen and Arco. The company's advisers maintained, however, that there were no signs of any abnormal patterns in trading in the shares and that the stock is purely being re-rated, especially by US investors in the light of the recent rise in the oil price. Crude oil prices, now around $16 a barrel, were trading below $14 a barrel as the rights terms were set.

Chemicals active

Chemical stocks outflanked the bears yesterday with the help of a recommendation from one leading UK securities house which highlighted their exposure to a pick-up in mainland Europe. Sentiment surrounding the sector also benefited from a strong set of figures delivered by Du Pont of the US.

The chemicals research team from Smith New Court stood up at the morning meeting to highlight Courtaulds – which has a 30 per cent exposure to the continent, and Laporte and ICI - which both have a 25 per cent exposure.

Analyst Mr Philip Morrish said: "We have been speaking to companies which are seeing a surprisingly buoyant start to the year particularly in Germany but also in France and Italy."

ICI was up 11 at best before closing 3 better at 832p. The *shares have risen sharply* over the past week and some dealers said that the company's first quarter figures on Thursday *could prompt a small set*back as the company tends to adopt a cautious stance when it reports. Courtaulds, which reports in mid *May, settled* 2 weaker at 545p after 550p earlier and Laporte improved 7 to 797p.

AB disappoints

Disappointment at the lack of news at Associated British Foods was said to be behind the 15 pence fall in the shares to 583p, despite profit figures in line with market expectations. Turnover was an unusually heavy 1.1m.

Many analysts had been hopeful that the acquisitive and cash rich company might use yesterday's profits statement to to announce another deal, following the rumours of a bid for the cake business of Allied Lyons mooted recently *in the market. Allied Lyons* shares slipped 3 to 587p.

Enterprise Oil came under moderate pressure, closing 3 off at 445p as bid stories, and suggestions that a rights issue would be needed to fund such a move, continued to circulate.

British Gas shares dropped 9 to 297p in unspectacular turnover of 6.1m as the market prepared itself for the consultative paper expected from Ofgas, the industry regulator, on competition, rate of return and the new price cap formula on transport tariffs.

The latest improvement in crude oil prices gave the majors a strong boost. BP touched 392p early in the session before slipping back to close a net 2¼ ahead at 388p on heavy turnover of 14m.

There was widespread gloom in the bank sector where dealers reported persistent profit-taking following last week's *surge of interest in the wake of* the Lloyds Bank bid for the Cheltenham and Gloucester Building Society.

Standard Chartered dipped 14 to 995p as the market remained unconvinced that Lloyds would hold on to its near 5 per cent stake. Lloyds shares lost 8 to 589p on profit-taking. Abbey National, hit last week by worries that the Lloyds move would trigger a war in the mortgage market, rallied 5 to 437p.

Pharmaceuticals group Glaxo suffered the biggest fall among the FT-SE 100 stocks, the shares tumbling 3.6 per cent as the market focused on weekend press coverage of a lengthy review of the company's prospects by leading US brokerage Salomon Brothers.

Salomon's Mr Peter Laing has argued that Glaxo will have to include £500m of provi*sions* in its 1996 figures as a result of redundancies from the decline of Zantac, the anti-ulcer treatment which *accounts for the largest propor*tion of sales. Mr Laing has also reduced his 1996 forecast excluding provisions by £305m to £2.075bn. The shares slid 21 to 554p.

SmithKline Beecham's last annual meeting hosted by Mr Bob Bauman failed to inspire and the shares shed 6 to 376p. However Wellcome held steady to close only 2 weaker at 513p as analysts anticipated US approval for the company's *anti-epileptic drug Lamictal.*

London International eased a further 2 to 103p ahead of an announcement that Powerstock, *an investment arm of* Malaysian Genting, had increased its stake to 4.4 per cent.

The electricity distribution companies, known in the market as "recs", suffered from another flurry of heavy selling by *institutions* and private investors increasingly worried by the electricity industry regulator's much tougher than expected opening stance on pricing proposals for next year. Hints of the regulator's severe stance leaked into the market last Friday, triggering big falls across the sector.

Among the worst casualties yesterday were the two FT-SE constituents, Eastern, 16 off at 600p and Southern, 21 lower at 580p. Manweb lost 20 to 672p and Seeboard 17 to 308p.

In a lacklustre stores sector, Sears were strong ahead of results today. The shares put on 3 to 131½p. Analysts have pencilled in around £127m for this morning's full-year figures.

News and information group Reuters Holdings lifted 13 to 518p after the company announced a 15 per cent jump in first quarter revenues.

MARKET REPORTERS:
Steve Thompson,
Chris Price,
Peter John.

■ Other statistics, Page 24

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (65).
GILTS (1) BUILDING & CNSTRN (4) Amco, CRP Leisure, Edmond, Shorco, BLDG MATLS & MCHTS (4) Bensford Intl., Darby, Pilkington, Do Wrts., CHEMICALS (2) Holiday, Yule Catto, DIVERSIFIED INDLS (6) ELECTRNC & ELECT EQUP (4) ENGINEERING (8) Domnick Hunter, Kobe Steel, Molins, Rolls Royce, Wellman, ENG. VEHICLES (4) Bostrom, GKN, Laird, Volkswagen, EXTRACTIVE INDS (2) Anglo Am Coal, Cons. Murchison, FOOD MANUF (1) Moran, HOUSEHOLD GOODS (2) Portmeirion Potteries, Swallowfield, INSURANCE (2) Hogg, Marsh & McLennan, INVESTMENT TRUSTS (2) LEISURE & HOTELS (2) Boosey & Hawkes, Stakis, MEDIA (2) Metal Bulletin, Metro Radio, MERCHANT BANKS (1) OIL EXPLORATION & PROD (3) OIL, INTEGRATED (1) OTHER FINANCIAL (1) OTHER SERVS & BUSNS (1) Nobo, PRTNG, PAPER & PACKG (2) Arjo Wiggins Appleton, Sidlaw, PROPERTY (1) Davies (DY), RETAILERS, GENERAL (4) SUPPORT SERVS (2) Reed Executive, Sema, TEXTILES & APPAREL (2) Alexandra Workwear, Shiloh, AMERICANS (4)
NEW LOWS (80).
GILTS (3) BANKS (4) BUILDING & CNSTRN (2) Clarke (T), Prowting, VHE, BLDG MATLS & MCHTS (2) Ibstock Johnsen, Newman-Tonks, DISTRIBUTORS (2) Davenport Vernon, Enterprise Computer, ELECTRICITY (7) ELECTRNC & ELECT EQUP (2) Dewhurst, Eurocopy, ENGINEERING (3) Black & Decker, Hall, Powerscreen Intl., EXTRACTIVE INDS (2) New Wits, PosGold, HEALTH CARE (1) Drew Scientific, HOUSEHOLD GOODS (2) Airsprung Furniture, Le Creuset, INSURANCE (2) INVESTMENT TRUSTS (5) INVESTMENT COMPANIES (2) LEISURE & HOTELS (1) Tomorrows Leisure, LIFE ASSURANCE (1) Utd Friendly, OIL EXPLORATION & PROD (3) OTHER FINANCIAL (3) OTHER SERVS & BUSNS (2) Cape Range, Platignum, PRTNG, PAPER & PACKG (1) Carnaud Metalbox, PROPERTY (8) RETAILERS, FOOD (5) ASDA, Argyll, Gateway, M & W, Tesco, RETAILERS, GENERAL (1) Lloyds Chemists, SUPPORT SERVS (3) Micro Focus, OIS Intl. Inspt., Virtuality, TEXTILES & APPAREL (2) Leeds, Sherl, TRANSPORT (5) WATER (3) Cheam A, Do B, Northumbrian, AMERICANS (2) CANADIANS (2).

EQUITY FUTURES AND OPTIONS TRADING

It was a largely dull session in the futures and options market yesterday, with thin trading and few noteworthy features, *writes Christopher Price.*

Dealers reported a lack of buying or selling interest almost from the start, and the June contract on the FTSE 100 spent most of the session *drifting slowly down. In fact,* June's opening trade at 3,138 turned out to be the high of the day, after which a lack of *buying enthusiasm rather* than selling pressure saw June slip back.

GDP figures in line with *market expectations stemmed* the drift for a short time, but the weak gilts market continued be a negative influence and June continued to lose ground.

A weak opening on Wall Street added to the slide and June hit 3,101 shortly before the close, its low of the day. A slight spurt towards the finish saw June end the session at 3,102 with volume a lowly 10,128 contracts.

However, in after hours trading, June brightened up, reflecting a turnaround in sentiment on Wall Street, the contract ticking up to 3,109.

Lasmo topped the stock options list once more – at 2,269 contracts, with takeover talk again said to be inspiring *investors' interest.* Glaxo was second at 1,072. Total options volume was 18,414 contracts, compared with over 29,000 on Friday.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3138.0	3102.0	-38.0	3138.0	3101.0	11682	52108
Sep	3136.0	3120.5	-38.0	3136.0	3136.0	1	720
Dec		3131.5	-38.0			0	210

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

Jun	3790.0	3776.0	-22.0	3790.0	3775.0	191	3402

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

Jun	-	3772.5	-	-	-	-	913

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3107) £10 per full index point

	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P
May	165½	11½	124½	19½	88½	34½	55	53½	33	82	17½	119½	8	160	3½	209½
Jun	179½	27½	144	42½	116	58½	81½	81	59	108	39	139	25½	176	16	217
Jul	199½	43½	163½	56½	132	75½	103½	97	79½	123½	59½	153½	43½	188½	31	226
Aug	223	60	184½	72½	154	92	123	112	99½	139	79½	168	61	200½	48½	238
Dec†			246	122			185	160½			137	211			94	269

Calls 2,281 Puts 3,523

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P
May	184½	9	148½	14½	101½	25½	68½	42	42	66	23½	98	12½	134½	5	177½
Jun	198	22½	159	33	124	47½	94	67	68½	91½	48½	121	33	155	21½	193½
Jul	218½	35½			146½	64½			91	107½			51½	167		
Sep	258½	59			183½	90			128	132			84	186½		
Dec†	291½	92			225½	122½			169	162½			122	212½		

Calls 1,280 Puts 771 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3750		3800		3850		3900		3950	4000	4050	4100
May	90	54½	35	80	32½	105	16		19			

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	2,300	55	-½
Abbey National†	4,300	436	+4
Albert Fisher	1,500	57	
Allied-Lyons†	1,200	587	-3
Anglian Water	360	488	-7
Argos	52	366	-2
Argyll Group†	3,500	226	-1
[illegible]	[illegible]	[illegible]	[illegible]

FT - SE Actuaries Share Indices — The UK Series

	Apr 25	Day's chge%	Apr 22	Apr 21	Apr 20	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3106.1	-0.9	3133.7	3101.2	3098.3	2822.3	3.90	6.31	19.07	36.06	1153.64
FT-SE Mid 250	3767.6	-0.6	3789.5	3782.5	3782.6	3133.8	3.28	5.43	22.56	35.20	1381.49
FT-SE Mid 250 ex Inv Trusts	3783.3	-0.6	3805.6	3801.2	3800.3	3167.8	3.38	5.85	21.10	36.42	1383.25
FT-SE-A 350	1579.5	-0.8	1592.4	1579.1	1578.0	1406.4	3.75	6.10	19.79	17.50	1200.64
FT-SE SmallCap	1933.20	—	1932.79	1927.39	1926.87	1582.39	2.91	4.15	29.74	16.10	1480.70
FT-SE SmallCap ex Inv Trusts	1909.76	+0.1	1908.13	1903.50	1900.96	1585.12	3.07	4.59	27.23	16.24	1465.57
FT-SE-A ALL-SHARE	1571.74	-0.7	1583.61	1571.02	1569.95	1392.17	3.69	5.96	20.26	17.11	1215.61

■ FT-SE Actuaries All-Share

[illegible]

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

[illegible]

FT GOLD MINES INDEX

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	68	4
Other Fixed Interest	3	9	3
Mineral Extraction	45	84	72
General Manufacturers	143	151	376
Consumer Goods	42	40	110
Services	114	111	292
Utilities	4	33	9
Financials	53	130	195
Investment Trusts	50	139	263
Others	39	59	33
Totals	495	824	1377

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	April 18	Last Declarations	July 28
Last Dealings	April 29	For settlement	Aug. 8

Calls: Aminex, Brown & Jack., CRP Leisure, Corn-Tek, EFG, Natl. Home Lns., Osprey Comms., Pelion, Vodaphone, Wilshaw. Puts: Sherwood Comp., Tiphook Puts & Calls: Brown & Jack., Lasmo, Royal Bk. Scot., Smithkl. Beech. A, Vodaphone.

LONDON RECENT ISSUES: EQUITIES

[illegible]

RIGHTS OFFERS

[illegible]

FINANCIAL TIMES EQUITY INDICES

[illegible]

BANKS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£22¾	-¼	£25⅛	£22	6,152	5.0	♦
ANZ A$		234	-1½	278½	220½	3,080	3.9	18.4
Abbey National	N☐	495xd	+4	523	432	6,720	4.0	14.7
Allied Irish I£	♣N☐	248xd	—	314	241	1,834	5.1	9.5
Anglo Irish I£	N☐	65	—	70	55	188.3	7.8	10.0
Asahi Y		701½	-14¼	759¼	628	16,279	0.7	-
Banco Bil Viz Pta		£15¾	+½	£16¼	£14⅛	3,030	5.2	7.1
Banco Sant Pta		£31⅝	—	£34⅝	£28½	3,513	4.9	12.1
Bk Ireland I£	♣N☐	261	—	319	248	1,220	4.8	18.2
Bank Scotland	♣†☐	183	+3	247	180	2,131	3.2	24.9
9¼pc Pf		129½xd	-6	141½	120½	120.5	9.6	-
9¾pc Pf		127xd	-6¼	148½	127	127.8	9.6	-
Barclays	♣N☐	509xd	-7	640	487	8,266	3.7	21.1
Dai Ichi Kan Y		£12½	-⅛	£12½	£10⅛	36,708	0.4	68.6
Deutsche DM		£311½	+1⅛	£344¼	£287⅛	14,849	1.9	-
Espirito Santo		£19⅝	+¼	£26¼	£18⅞	211.5	4.0	4.8
First Nat Fin	N☐	72	+1	90	60	119.3	2.5	-
6.3pc Cv Pf		83	—	90	77	5.58	9.5	-
7pc Cv Pf		145½	-3½	171	123	69.0	6.0	-
Fuji Bank Y		1474¼	-3½	1548¼	1152½	42,690	0.4	-
HSBC HK	☐	746xd	-5	1133	740	13,082	3.9	♦
HSBC (75p Shs)	☐	725xd	-8	1113	720	8,133	4.1	♦
Lloyds	N☐	568xd	-6	660	532	7,598	4.7	12.4
Mitsubishi Y		£17⅛	-⅛	£18⅞	£15⅝	58,967	0.3	-
Mits Tst & Bk Y		977½	—	1034¼	687½	12,729	0.5	15.7
Mitsui Tst & Bk Y		712¾	-6½	811¼	514	8,541	0.7	24.3
Nat Aust A$		561½	-3½	628¼	537¾	7,382	4.2	13.7
NatWest	N☐	439xd	-3	522	438	7,380	5.3	10.0
Ottomane FFr		£28¼	-¼	533	£27¼	149.8	5.1	6.9
Ryl Bk Scotland	♣N☐	382½	-5½	528	382½	3,848	3.6	17.3
Sakura Y		£9⅞	-⅛	£9½	£8¼	30,035	0.6	56.6
Sanwa Y		£14⅜	-⅛	£15⅝	£11⅝	41,446	0.4	-
Standard Chartd	N☐	955xd	-14	1437	990	2,388	3.0	10.9
7 3/8pc Prf		94¼	-¼	108½	93¼	94.8	8.7	-
Sumitomo Y		£13½	-⅛	£16⅝	£11½	43,858	0.4	30.1
Sumitomo Tst Y		919	-18	1009½	625	11,491	0.6	72.0
TSB	N☐	219	-4	291	210	3,213	4.6	14.3
Tokai Y		59¼	-⅛	59¼	£5⅛	16,358	0.7	63.9
Toyo Tst & Bk Y		709¼	-29¼	784½	588¼	5,561	0.7	63.0
Westpac A$		224	—	280	207	3,927	2.4	♦

CHEMICALS

DISTRIBUTORS

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

ENGINEERING, VEHICLES - Cont.

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1994 high	1994 low	Yld Gr's	NAV	Dis or Pm(-)
Perpetual Japan	□	118½	-1	119½	89	-	108.7	-5.7
Warrants	□	77	-1	88	47	-	-	-
Personal Assets	†	590xd	-	£94	£89¾	2.8	8481.6	-5.8
Pilot Inv	□	144	-1	153	125½	0.4	134.7	-6.5
Warrants	□	58	-	68	44	-	-	-
C	□	108½	-½	117	102	-	108.4	-.1
Primadona		273	-	283	267	2.1	320.0	14.7
Ptarmigan Intl	□	235	-	*278	232	0.4	255.3	8.0
Warrants		85	-	140	85	-	-	-
RIT Capital	□	175	-	189	170	0.8	216.8	19.3
2½pc Cv Ln 2000		£173¾	-	£186½	£170½	1.4		
Radiotrust	□	80	-	93	70	-	70.7	-16.6
Rights & Iss Inc		165	-	184	153	7.8	-	-
Cap		475	-	535	440	2.2	536.3	11.4
Riv & Merc Am Inc	N	112xd	-	121	111	8.7	-	-
Cap	□	34	-	38	31½	-	44.8	24.1
Warrants		14	-	17	13	-	-	-
Riv & Mer Ext	N□	130xd	-1	147	129	7.5	121.1	-6.8
Warrants		33	-2	49	29	-	-	-
Zero Div Pf		112½	-	118½	112½	-	-	-
Riv & Mer Geared		98xd	+¼	118	93	8.5	-	-
Prld Cap 1998		28½	-	35	26½	-	37.2	28.8
Riv & Merc Smllr	N□	145	-	170	142	3.4	147.3	1.8
Warrants		53	-	77	47	-	-	-
Riv & Merc Tst Inc	N□	119	-	127	114	8.7	-	-
Cap	□	130	-	159	122	-	212.8	38.9
Warrants		34	-	40	32	-	-	-
Do. Stpd Prf	N	154¼xd	+¼	163	154	4.8	-	-
River Plate Inc	N□	111	-	113	106	10.0	-	-
Cap		95	-2	118	85	-	168.2	43.5
Warrants		9	-	11	5	-	-	-
Zero Div Pf		83¼	-	85¼	83¼	-	-	-
St Andrew	N	331xd	-1	343	290	2.9	331.1	0.0
St David's Inc	N	141	+1	142	124	13.1	-	-
Cap		189	-	223	187	-	293.0	35.5
Zero Prf		145	-	151½	143½	-	-	-
Saracen Value	□	92	-	98	89	-	95.8	4.0
Warrants	□	30	-	43	29	-	-	-

LEISURE & HOTELS - Cont.

OIL, INTEGRATED

PROPERTY - Cont.

SPIRITS, WINES & CIDERS

TRANSPORT - Cont.

WATER

SUPPORT SERVICES

OTHER FINANCIAL

AMERICANS

LIFE ASSURANCE

MEDIA

OTHER SERVICES & BUSINESSES

CANADIANS

TELECOMMUNICATIONS

OTHER INVESTMENT TRUSTS

TEXTILES & APPAREL

SOUTH AFRICANS

RETAILERS, FOOD

GUIDE TO LONDON SHARE SERVICE

INVESTMENT COMPANIES

PHARMACEUTICALS

MERCHANT BANKS

RETAILERS, GENERAL

PRINTING, PAPER & PACKAGING

OIL, EXPLORATION & PRODUCTION

TOBACCO

TRANSPORT

LEISURE & HOTELS

PROPERTY

b Assumed dividend yield after scrip issue. e Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. rights issue. H Yield based on prospectus or other official estimates for 1993. K Yield based on prospectus or other official estimates for 1994. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

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Millennium Fund Management Ltd (1000)F
1 Harbour Exchange Square, EC14 9GE 071-512 0410

International	5½	512.15	12.25	13.03	—	—

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✠) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

هكذا من الاصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Thornton Unit Managers Ltd - Contd.						
UK Growth	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.14
(Accum Units)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.14
[illegible]						
Waverley Unit Tst Mngmt Ltd (1000)F						
13 Charlotte Sq, Edinburgh						031-225 1551
Australasian Gold	6	30.52	30.53	32.47	-0.18	–
Pacific Basin	6	[illegible]	[illegible]	[illegible]	[illegible]	0.0
Can Balanced Gwth	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–
Global Bond	4	[illegible]	[illegible]	[illegible]	[illegible]	5.94
Penny Share	6	29.18	29.01	31.51	+0.02	1.5
Whittingdale Unit Tst Mngmt Ltd (0830)F						
2 Honey Lane, London EC2V 8BT						071-600 0492
Challenger	[illegible]	95.78	95.78	97.98	-0.04	0.00
Short Dtd Gilt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Govmnt Bond	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gilt Income	4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gilt Growth	4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lig Reserve	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Woolwich Unit Trust Managers Ltd (1700)H						
2 White Oak Square, Swanley BR8 7AG						081-298 4000
Stockmarket Fd	6	78.81	79.00	84.03	-0.31	1.72

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gross
Baillie Gifford & Co Ltd				
Int'l Expt Apr 6	773.1	792.8	—	0.96
Baring Investment Mngmt Ltd				
155 Bishopsgate, London EC2M 3XY				
071-214 1050 (general enquiries)		071-214 1004 (dealing)		
Charitable Funds				
UK Growth & Income	58.72	60.77	-0.65	3.1
Income Plus	50.35	51.44	-0.60	6.2
CAF – Charity Money Management				
48 Pembury Rd, Tonbridge TN9 2JD		0732 770114		
Balanced Growth	75.21	77.17	-0.95	1.69
Income	61.34	62.34	-0.75	6.58
CIM Unit Trust Managers Ltd				
Co-op Bank Gwtd Eq Apr 15	[illegible]	[illegible]	—	3.15
For James Capel see HSBC Asset Mngt Europe Ltd				
Cent. Bd. of Fin. of Church of England				
[illegible]				

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
Abbey National Life Plc				
287 St Vincent Street, Glasgow				041 305 8000
Managed	114.2	120.5	-0.2	–
UK Equity	114.5	120.6	-0.3	–
International	119.9	126.3	-0.1	–
Deposit	100.6	105.9	+0.1	–
Pension Managed	115.8	121.9	-0.4	–
Pension UK Equity	114.8	120.7	-0.5	–
Pension International	124.9	131.5	+0.1	–
Pension Deposit	102.6	108.0	—	–
Acuma Life Assurance Ltd				
The Glanty, Egham, Surrey TW2 0AT				0784 476333
Fixed Interest	188.68	198.09	-0.82	–
Index Linked Stks	190.32	200.33	-0.34	–
UK Equity/UK Eq Inc	315.02	331.60	+0.27	–
Gwt Cos/UK Eq Gwth	240.90	253.57	+0.22	–
Nth American	156.14	164.48	+0.39	–
Far Eastern	469.55	494.26	-0.03	–
European	215.05	226.36	-0.26	–
Managed	257.02	270.54	-0.08	–
World Growth	215.70	227.05	+0.03	–
Money	162.67	171.23	+0.02	–
Pen Fixed Interest	239.88	251.84	-0.89	–
Pen Index Linked Stks	204.33	215.08	-0.35	–
Pen UK Eq/UK Eq Inc	487.32	517.98	+0.19	–
Pen Smll Cos/UK Eq Gwth	322.43	339.39	+0.29	–
Pen Nth American	155.71	163.90	+0.35	–
Pen Far Eastern	731.70	770.21	-1.27	–
Pen European	216.37	227.75	-0.33	–
Pen Managed	348.90	367.26	-0.19	–
Pen World Growth	236.24	248.72	+0.03	–
Pen Money	203.68	214.38	+0.05	–
AEGON Life Assurance Co (UK) Ltd				
AEGON Hse, Lanark Sq, London E14 9QG				071-538 8800
Life Series 2				
Aggressive Pfolio Fund	164.3	173.9	+0.3	0.0
Balanced Pfolio Fund	451.3	477.8	+0.9	0
Cautious Pfolio Fund	161.0	172.6	+0.8	–
Elite Fund	154.8	163.9	-1.0	–
European Fund	156.9	166.1	+1.0	–
Far East Fund	145.9	154.4	-0.2	–
Fixed Interest Fund	318.9	337.5	+2.6	–
International Fund	371.2	392.9	+2.3	–
Money Fund	248.4	260.8		–
N. American Fund	219.2	232.0	+1.8	–
Property Fund	475.9	503.2	—	–
UK Equity Fund	587.9	601.0	-0.2	–
Swiss Select Inv	85.60	91.02		–
Swiss Global Fund	231.7	245.1	—	0
Hardwick Tst Fund	108.5	115.4	+0.2	–
Perpetual Mngd Assets Fd	124.4	131.7	+0.5	–
Perpetual Mngd Fd	210.8	223.1	+1.4	–
With Profits Fd	134.8	142.7	+0.1	–
Pension Series 3				
Aggressive Pfolio Fd	153.2	162.2	+0.4	–
Balanced Pfolio Fd	144.3	152.8	+0.3	–
Cautious Pfolio Fd	130.4	138.0	+0.5	–
Elite Fund	124.8	132.1	-1.1	–

[illegible]

FT MANAGED FUNDS SERVICE

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Scottish Amicable - Contd.

Scottish Equitable plc

Sun Alliance Group - Contd.

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

Albany International Assurance Ltd

GUERNSEY (SIB RECOGNISED)

IRELAND (REGULATED)(**)

JERSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

JERSEY (REGULATED)(**)

ISLE OF MAN (REGULATED)(**)

FT MANAGED FUNDS SERVICE

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Lombard Odier - Contd.

Management International (Jersey) Ltd

Minerals, Oils Res. Shrs. Fd. Inc.

Northgate Unit Tst. Mngr. (Jersey) Ltd

Perpetual UT Mngrs (Jersey) Ltd

The Portugal Fund Limited

Royal Bank of Canada Intl Fd Mgt Ltd

Royal Bk of Scotland Fd Mngrs (Jersey) Ltd

For Royal Trust see Royal Bank of Canada

Schroder Mngt Services (Jersey) Ltd

Scrimgeour Kemp-Gee Mngmt., Jersey

TSB Trust Funds (CI)

LUXEMBOURG (SIB RECOGNISED)

Eqlstan Global SICAV (u)

EquiFund—Wright National Eqty Fd (u) (x)

Fidelity Funds (u)

Prices as at April 22

Fleming Group (u)

Sun Life Global Management Ltd

Templeton

Thornton Investment Management Ltd

S.G. Warburg

LUXEMBOURG (REGULATED)(**)

Fidelity Investment (CI) Ltd

Templeton Worldwide Investments

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

Daiwa Intl Capital Management (U.K.) Ltd

Jardine Fleming Inv Mngt Ltd

Putnam Emerging Funds Ltd

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

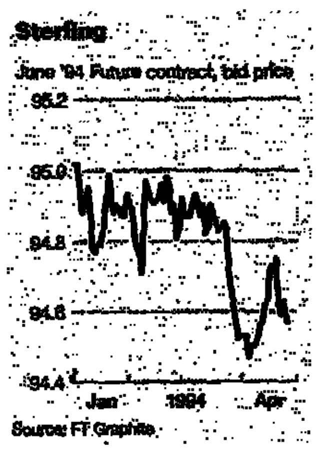
Dollar slips lower

The dollar fell back on foreign exchanges yesterday as the weekend G7 meeting failed to produce any statement supportive of the currency, *writes Philip Gawith.*

The flip side of dollar weakness was D-Mark strength and the German currency finished stronger across the board. In London the dollar closed at DM1.6794 against the D-Mark from DM1.6947 on Friday.

The D-Mark was helped by comments from a Bundesbank council member cautioning that German interest rates might not fall as fast as some countries wanted.

Sterling also suffered at the hands of the stronger D-Mark, closing at DM2.5049 from DM2.517 on Friday. It was slightly firmer against the dollar, finishing at $1.4916 from $1.4853. The sterling index closed at 79.9, from 80.



Source: FT Graphite

Pound in New York

Apr 25	—Latest—	– Prev. close –
£ spot	1.4915	1.4885
1 mth	1.4900	1.4879
3 mth	1.4878	1.4857
1 yr	1.4828	1.4815

■ Although Japanese officials made clear at the G7 meeting that they were unhappy with the level of the yen, many analysts believe that the US administration is satisfied with the current exchange rate.

Mr Paul Chertkow, head of global currency research at UBS, said some members of the Clinton administration appeared to believe that they had Japan on the ropes - "that if you squeeze them so hard they have to open their markets finally."

He said it was arguable that Japanese economic recovery was not possible at the current exchange rate, while if the dollar fell below Y100, this was "armageddon".

There was little market response yesterday to the confirmation of Mr Tsutomu Hata as the new prime minister. The yen finished at Y103.225 from Y103.650.

Mr Gerard Lyons, chief economist at DKB International, said this was because Mr Hata's premiership was unlikely to impact on economic policy or the trade dispute, nor resolve political uncertainty.

Mr Chertkow, however, predicted that Mr Hata would try to placate the US by enshrining the 1994/5 budget cuts as permanent, while the Bank of Japan would support this fiscal stimulus by cutting rates again. He added that if the economy did not recover, Mr Hata's coalition government would be unlikely to survive.

Mr Lyons said the yen/dollar rate might remain in the spotlight ahead of the golden week holiday which starts on Friday in Japan, and lasts most of the following week.

■ The UBS analyst said the US/Japan trade dispute "continues to cast a pall over the dollar generally." Having fallen below DM1.6840 against the dollar the US currency is next expected to test the DM1.6650 level.

A number of other factors weighed on the US currency. One, according to Mr Tony Norfield, UK treasury economist at ABN-AMRO, was a delayed response to Friday's appointment of two new Fed board members. The market believes this will give the Fed a more doveish flavour, and hence slow the rate of monetary tightening.

Another was the general firming of European interest rates. This is the result of more bullish economic forecasts emerging from Germany, which has encouraged a bearish tone in German interest rate markets.

This was evident in the futures markets, with the June euromark contract settling three basis points lower at 94.72. The back-end contracts lost more ground, with the December 1995 contract losing 20 basis points.

Traders stressed, however, that these movements in the longer contracts were deceptive as most of the trade was amongst locals. Lack of liquidity also made the contracts susceptible to manipulation. Weakness at the short end of the yield curve is also a spillover from the longer end, where sentiment in bund futures has soured.

■ The fall in euromark futures was reflected in short sterling futures. The June contract finished six points down at 94.57. Markets are now discounting mid-year short term interest rates ¼ of a percentage point higher than in January.

The longer contracts dropped further, with the December future finishing 16 basis points worse at 93.78. In the money market, the Bank of England provided late assistance of about £225m. Earlier the Bank had provided £727m liquidity compared to a forecast shortage of £950m. Overnight money traded in the 4¼ per cent-5¾ per cent range.

Sterling was unaffected by the GDP and trade data released. Preliminary first quarter GDP growth was 0.7 per cent, quarter on quarter, in line with market estimates. The non-EU trade deficit for March was £675m, compared with February's revised £640m.

■ The D-Mark finished higher across the board in Europe. It closed at L957.7 against the Italian lira, from L956.7, and Pta81.52 from Pta81.37 against the Spanish peseta.

The French franc fell below its old ERM floor again to finish at FFr3.435 from FFr3.427. Analysts said market sentiment was turning against the franc owing to the Bank of France's tardy pace of monetary easing. The issue will acquire fresh relevance when new unemployment figures are released on Friday.

OTHER CURRENCIES

Apr 25	£	$
Hungary	153.216 - 153.342	102.740 - 102.790
Iran	2601.00 - 2607.00	1748.00 - 1750.00
Kuwait	0.4429 - 0.4443	0.2970 - 0.2974
Poland	33211.2 - 33252.2	22270.9 - 22290.0
Russia	2695.32 - 2704.27	1807.00 - 1813.00
U.A.E.	5.4719 - 5.4831	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Apr 25		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.6413	-0.0458	346 - 480	17.7904	17.6257	17.6375	0.3	17.6319	0.2	-	-	113.6
Belgium	(BFr)	51.6069	-0.1846	766 - 372	51.9813	51.5766	51.6319	-0.6	51.6769	-0.5	51.6119	0.0	114.9
Denmark	(DKr)	9.8404	-0.0342	372 - 435	9.8841	9.8372	9.8506	-1.2	9.8639	-1.0	9.8738	-0.3	114.5
Finland	(FM)	8.1550	-0.0028	449 - 651	8.1880	8.1290	-	-	-	-	-	-	81.8
France	(FFr)	8.6040	-0.0216	011 - 069	8.6515	8.6011	8.61	-0.8	8.62	-0.7	8.602	0.0	107.2
Germany	(DM)	2.5049	-0.0121	040 - 058	2.5176	2.5040	2.5056	-0.3	2.5064	-0.2	2.4947	0.4	123.1
Greece	(Dr)	367.667	-1.344	307 - 027	369.961	367.307	-	-	-	-	-	-	-
Ireland	(I£)	1.0272	-0.0015	262 - 282	1.0302	1.0262	1.0279	-0.8	1.0294	-0.9	1.0329	-0.6	103.5
Italy	(L)	2398.59	-8.75	883 - 035	2410.76	2396.83	2405.04	-2.7	2415.66	-2.7	2450.99	-2.1	78.3
Luxembourg	(LFr)	51.6069	-0.1846	766 - 372	51.9813	51.5766	51.6319	-0.6	51.6769	-0.5	51.6119	0.0	114.9
Netherlands	(Fl)	2.8169	-0.0117	156 - 180	2.8339	2.8156	2.8172	-0.2	2.8179	-0.2	2.8042	0.4	118.2
Norway	(NKr)	10.8842	-0.0348	809 - 875	10.9579	10.8858	10.8785	0.6	10.8911	-0.3	10.8822	0.0	94.8
Portugal	(Es)	257.069	-0.822	802 - 336	257.674	256.802	258.044	-4.6	259.989	-4.5	-	-	-
Spain	(Pta)	204.246	-0.607	174 - 317	205.224	204.174	204.746	-2.8	205.651	-2.8	208.476	-2.1	85.4
Sweden	(SKr)	11.7224	+0.0032	140 - 308	11.7758	11.7105	11.7434	-2.1	11.7794	-1.9	11.8984	-1.5	76.3
Switzerland	(SFr)	2.1354	-	345 - 363	2.1399	2.1322	2.1334	1.2	2.1294	1.1	2.1003	1.6	117.1
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	79.9
Ecu	-	1.2978	-0.0046	970 - 986	1.3038	1.2970	1.2987	-0.8	1.3004	-0.8	1.2998	-0.2	-
SDR†	-	0.943341	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4918	+0.0063	914 - 921	1.4946	1.4898	-	-	-	-	-	-	-
Brazil	(Cr)	1810.49	+40.34	018 - 080	1814.00	1775.00	-	-	-	-	-	-	-
Canada	(C$)	2.0608	+0.0133	601 - 615	2.0663	2.0540	2.0617	-0.6	2.0652	-0.9	2.0818	-1.0	87.0
Mexico	(New Peso)	5.0109	+0.01	063 - 154	5.0126	5.0032	-	-	-	-	-	-	-
USA	($)	1.4916	+0.0063	913 - 918	1.4945	1.4895	1.49	1.3	1.488	1.0	1.4834	0.6	65.7
Pacific/Middle East/Africa													
Australia	(A$)	2.0799	+0.0131	788 - 809	2.0876	2.0742	2.0784	0.9	2.076	0.7	2.0741	0.3	-
Hong Kong	(HK$)	11.5248	+0.0472	225 - 271	11.5473	11.5097	11.5118	1.4	11.5064	0.6	11.4573	0.6	-
India	(Rs)	46.7862	+0.1939	746 - 978	46.8790	46.7290	-	-	-	-	-	-	-
Japan	(Y)	153.965	+0.019	902 - 028	154.520	153.280	153.6	2.8	152.865	2.9	149.335	3.0	188.2
Malaysia	(M$)	4.0133	+0.0177	119 - 147	4.0198	4.0053	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6019	+0.0091	999 - 039	2.6054	2.5967	2.6048	-1.3	2.6091	-1.1	2.6177	-0.6	-
Philippines	(Peso)	41.0899	+0.1736	393 - 005	41.4500	40.6657	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.5936	+0.0236	924 - 947	5.6044	5.5862	-	-	-	-	-	-	-
Singapore	(S$)	2.3222	+0.0055	214 - 229	2.3271	2.3206	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.3901	+0.022	881 - 921	5.4075	5.3742	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.3012	+0.0903	925 - 098	7.3965	7.2084	-	-	-	-	-	-	-
South Korea	(Won)	1203.83	+6.15	348 - 418	1206.06	1202.62	-	-	-	-	-	-	-
Taiwan	(T$)	39.3844	+0.144	703 - 984	39.4500	39.3500	-	-	-	-	-	-	-
Thailand	(Bt)	37.6169	+0.0994	957 - 381	37.6760	37.5800	-	-	-	-	-	-	-

†SDR rate for Apr 22. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 25		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	11.8275	-0.081	250 - 300	11.8825	11.8065	11.8437	-1.6	11.86	-1.1	11.8375	-0.1	102.7
Belgium	(BFr)	34.5995	-0.271	850 - 140	34.8400	34.5700	34.6545	-1.9	34.7295	-1.5	34.7845	-0.5	104.2
Denmark	(DKr)	6.5974	-0.051	964 - 984	6.6196	6.5894	6.6109	-2.5	6.6311	-2.0	6.6504	-0.8	103.2
Finland	(FM)	5.4675	-0.0251	616 - 733	5.4863	5.4408	5.4728	-1.2	5.481	-1.0	5.495	-0.5	78.8
France	(FFr)	5.7685	-0.039	675 - 695	5.7840	5.7610	5.7787	-2.1	5.7932	-1.7	5.8017	-0.6	103.5
Germany	(D)	1.6794	-0.0153	791 - 797	1.6878	1.6781	1.6816	-1.6	1.6845	-1.2	1.6818	-0.1	104.2
Greece	(Dr)	246.600	-1.95	300 - 700	247.980	246.250	250.25	-18.3	257.825	-18.1	286.5	-16.2	70.1
Ireland	(I£)	1.4521	+0.0062	509 - 532	1.4534	1.4483	1.4494	2.2	1.4451	1.9	1.4359	1.1	-
Italy	(L)	1608.79	-12.71	855 - 903	1618.00	1606.80	1614.19	-4.0	1623.49	-3.7	1652.29	-2.7	78.7
Luxembourg	(LFr)	34.5995	-0.271	850 - 140	34.8400	34.5700	34.6545	-1.9	34.7295	-1.5	34.7845	-0.5	104.2
Netherlands	(Fl)	1.8885	-0.0159	880 - 890	1.8975	1.8865	1.8908	-1.5	1.8938	-1.1	1.8904	-0.1	103.4
Norway	(NKr)	7.2972	-0.0544	962 - 982	7.3410	7.2574	7.3059	-1.4	7.3184	-1.2	7.3292	-0.4	94.7
Portugal	(Es)	172.350	-1.15	200 - 500	172.550	172.200	173.65	-9.1	175.6	-7.5	180.85	-4.9	93.2
Spain	(Pta)	136.935	-0.99	910 - 960	137.390	136.820	137.415	-4.2	138.21	-3.7	140.54	-2.6	80.6
Sweden	(SKr)	7.8592	-0.0312	549 - 635	7.8926	7.8477	7.8827	-3.6	7.9219	-3.2	8.0312	-2.2	81.9
Switzerland	(SFr)	1.4317	-0.0061	313 - 320	1.4340	1.4287	1.4445	-10.7	1.4311	0.2	1.4159	1.1	103.7
UK	(£)	1.4916	+0.0063	913 - 918	1.4945	1.4895	1.49	1.3	1.488	1.0	1.4834	0.5	88.8
Ecu	-	1.1493	+0.0088	488 - 498	1.1500	1.1456	1.1473	2.1	1.1443	1.8	1.1413	0.7	-
SDR†	-	1.40454	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0002	-	001 - 002	1.0002	1.0000	-	-	-	-	-	-	-
Brazil	(Cr)	1213.83	+22.01	383 - 383	1213.86	1213.83	-	-	-	-	-	-	-
Canada	(C$)	1.3817	+0.0031	814 - 819	1.3830	1.3788	1.3836	-1.8	1.389	-1.8	1.4035	-1.6	83.8
Mexico	(New Peso)	3.3595	-0.0075	570 - 620	3.3620	3.3540	3.3605	-0.4	3.3623	-0.3	3.3697	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	100.7
Pacific/Middle East/Africa													
Australia	(A$)	1.3944	+0.0029	939 - 949	1.3976	1.3927	1.3956	-1.1	1.4003	-1.7	1.4109	-1.2	87.8
Hong Kong	(HK$)	7.7268	-0.0009	265 - 270	7.7270	7.7265	7.7298	-0.5	7.7358	-0.5	7.7608	-0.4	-
India	(Rs)	31.3675	-0.0025	650 - 700	31.3700	31.3675	31.4325	-2.5	31.5675	-2.6	-	-	-
Japan	(Y)	103.225	-0.425	200 - 250	103.500	102.810	103.09	1.6	102.73	1.9	100.675	2.5	148.2
Malaysia	(M$)	2.6907	+0.0005	902 - 912	2.6912	2.6890	2.6837	3.1	2.6682	3.3	2.7307	-1.5	-
New Zealand	(NZ$)	1.7445	-0.0009	434 - 455	1.7455	1.7422	1.7458	-0.9	1.7503	-1.3	1.7722	-1.6	-
Philippines	(Peso)	27.5350	-	850 - 850	27.6850	27.3800	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7502	-	500 - 503	3.7503	3.7500	3.7509	-0.2	3.7532	-0.3	3.7647	-0.4	-
Singapore	(S$)	1.5569	-0.0029	566 - 571	1.5585	1.5560	1.5562	0.5	1.5557	0.3	1.5543	0.2	-
S Africa (Com.)	(R)	3.6138	-0.0005	130 - 145	3.6280	3.6020	3.6303	-5.5	3.6563	-4.7	3.7493	-3.7	-
S Africa (Fin.)	(R)	4.8950	+0.04	900 - 000	4.9100	4.8284	4.929	-8.3	4.989	-7.7	-	-	-
South Korea	(Won)	807.100	+0.05	000 - 200	807.500	807.000	810.1	-4.5	813.6	-3.2	832.1	-3.1	-
Taiwan	(T$)	26.4050	-0.015	000 - 100	26.4200	26.4000	26.4705	-3.0	26.571	-2.5	-	-	-
Thailand	(Bt)	25.2200	-0.04	100 - 300	25.2300	25.2100	25.3	-3.8	25.425	-3.3	25.945	-2.9	-

†SDR rate for Apr 22. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan indices shown for Apr 22. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr.25		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.07	16.67	4.854	1.990	4648	5.458	21.08	498.2	395.7	22.71	4.137	1.938	3.993	2.891	298.2	2.515
Denmark	(DKr)	52.45	10	8.744	2.546	1.044	2438	2.863	11.06	261.3	207.5	11.91	2.170	1.016	2.095	1.516	156.4	1.319
France	(FFr)	59.98	11.44	10	2.911	1.194	2788	3.274	12.65	298.8	237.3	13.62	2.481	1.162	2.395	1.734	178.9	1.509
Germany	(DM)	20.60	3.928	3.435	1	0.410	957.7	1.125	4.343	102.6	81.52	4.679	0.852	0.399	0.823	0.596	61.44	0.518
Ireland	(I£)	50.26	9.581	8.378	2.439	1	2336	2.743	10.59	250.3	198.8	11.41	2.079	0.974	2.007	1.453	149.9	1.264
Italy	(L)	2.151	0.410	0.359	0.104	0.043	100.	0.117	0.454	10.72	8.512	0.489	0.089	0.042	0.086	0.062	6.415	0.054
Netherlands	(Fl)	18.32	3.493	3.054	0.889	0.365	851.6	1	3.862	91.27	72.49	4.160	0.758	0.355	0.732	0.530	54.63	0.461
Norway	(NKr)	47.44	9.044	7.908	2.302	0.944	2205	2.589	10	236.3	187.7	10.77	1.962	0.919	1.894	1.371	141.5	1.193
Portugal	(Es)	20.07	3.827	3.347	0.974	0.399	933.1	1.096	4.232	100.	79.42	4.559	0.830	0.389	0.802	0.580	59.86	0.505
Spain	(Pta)	25.27	4.819	4.214	1.227	0.503	1175	1.380	5.328	125.9	100.	5.739	1.046	0.490	1.009	0.731	75.37	0.636
Sweden	(SKr)	44.04	8.396	7.341	2.137	0.876	2047	2.404	9.283	219.4	174.2	10	1.822	0.853	1.759	1.273	131.3	1.108
Switzerland	(SFr)	24.17	4.609	4.030	1.173	0.481	1124	1.319	5.096	120.4	95.64	5.489	1	0.468	0.965	0.699	72.08	0.608
UK	(£)	51.61	9.840	8.604	2.505	1.027	2399	2.817	10.88	257.1	204.2	11.72	2.135	1	2.061	1.492	153.9	1.298
Canada	(C$)	25.04	4.774	4.175	1.215	0.498	1164	1.367	5.279	124.7	99.06	5.687	1.036	0.485	1	0.724	74.67	0.630
US	($)	34.59	6.595	5.767	1.679	0.688	1608	1.888	7.292	172.3	136.9	7.855	1.431	0.670	1.381	1	103.2	0.870
Japan	(Y)	335.3	63.94	55.91	16.28	6.673	15588	18.30	70.70	1671	1327	76.15	13.87	6.498	13.39	9.695	1000.	8.434
Ecu		39.76	7.581	6.629	1.930	0.791	1848	2.170	8.382	198.1	157.3	9.029	1.645	0.770	1.588	1.149	118.6	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.5914	0.5939	+0.0033	0.5947	0.5914	31,659	97,979
Sep	0.5930	0.5931	+0.0035	0.5936	0.5930	40	3,163
Dec	0.5935	0.5930	+0.0032	0.5935	0.5930	8	139

JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.9735	0.9694	-0.0019	0.9748	0.9687	23,145	55,230
Sep	0.9785	0.9756	-0.0015	0.9785	0.9750	245	2,706
Dec	-	-	-	-	-	-	-

SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.6978	0.6988	+0.0020	0.6996	0.6975	9,210	37,129
Sep	0.7005	0.6997	+0.0014	0.7010	0.6997	18	379
Dec	-	-	-	-	-	-	-

STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.4876	1.4910	+0.0046	1.4924	1.4872	9,295	40,134
Sep	1.4890	1.4890	+0.0052	1.4890	1.4890	101	920
Dec	-	1.4880	-	1.4880	-	1	33

EMS EUROPEAN CURRENCY UNIT RATES

Apr 25	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.792115	+0.001563	-2.04	4.85	14
Netherlands	2.19672	2.17170	-0.00301	-1.14	3.89	-
Belgium	40.2123	39.7891	-0.0267	-1.05	3.80	8
Germany	1.94964	1.93208	-0.00285	-0.90	3.64	-
France	6.53883	6.63430	+0.00468	1.46	1.23	-12
Denmark	7.43679	7.58739	+0.00387	2.03	0.67	-14
Spain	154.250	157.569	+0.18	2.15	0.54	-15
Portugal	192.854	198.074	+0.192	2.71	0.00	-18
NON ERM MEMBERS						
Greece	264.513	283.433	-0.166	7.15	-4.15	-
Italy	1793.19	1851.49	-0.25	3.25	-0.53	-
UK	0.786749	0.770006	+0.003062	-2.13	4.94	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS May	CALLS Jun	CALLS Jul	PUTS May	PUTS Jun	PUTS Jul
1.400	9.05	8.93	8.96	-	-	0.18
1.425	6.61	6.60	6.82	-	0.10	0.46
1.450	4.18	4.42	4.85	0.02	0.41	0.97
1.475	2.06	2.59	3.21	0.36	1.06	1.80
1.500	0.65	1.33	2.00	1.43	2.24	2.97
1.525	0.11	0.57	1.14	3.33	3.92	4.59

Previous day's vol., Calls 13,636 Puts 15,461 . Prev. day's open int., Calls 503,225 Puts 451,932

WORLD INTEREST RATES

MONEY RATES

April 25	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	-	5 5/8	5 5/8	5 5/8	5 5/8	7.40	4.75	-
week ago	-	5 5/8	5 5/8	5 5/8	5 5/8	7.40	4.75	-
France	6	6	5 5/8	5 5/8	5 5/8	5.80	-	7.75
week ago	6 1/8	6	6	5 7/8	5 3/4	5.90	-	7.75
Germany	6.32	5.45	5.38	5.32	5.28	6.50	5.00	5.58
week ago	6.55	5.45	5.60	5.45	5.30	6.50	5.00	5.70
Ireland	6	6	6 1/4	6 3/8	6 5/8	-	-	6.50
week ago	6	6	6 1/4	6 3/8	6 5/8	-	-	6.50
Italy	8 1/4	7 7/8	7 7/8	8	8 1/4	-	8.00	8.27
week ago	8 1/4	7 7/8	7 7/8	7 7/8	7 7/8	-	8.00	8.27
Netherlands	5.40	5.36	5.32	5.30	5.30	-	5.25	-
week ago	5.53	5.36	5.28	5.25	5.25	-	5.25	-
Switzerland	4	4	4	4 1/8	4 1/8	6.625	3.50	-
week ago	4	4	4	4	4	6.625	3.50	-
US	3 5/8	3 5/8	4 1/8	4 3/8	5 1/8	-	3.00	-
week ago	3 1/2	3 5/8	4	4 3/8	5	-	3.00	-
Japan	2 1/8	2 1/4	2 1/4	2 1/4	2 3/8	-	1.75	-
week ago	2 1/8	2 1/4	2 1/8	2 1/8	2 3/8	-	1.75	-
$ LIBOR FT London								
Interbank Fixing	-	3 3/4	4 1/8	4 3/8	5 1/4	-	-	-
week ago	-	3 3/4	4 1/8	4 1/2	5 1/8	-	-	-
US Dollar CDs	-	3.76	4.02	4.38	4.96	-	-	-
week ago	-	3.76	3.99	4.34	4.81	-	-	-
SDR Linked Ds	-	3 3/4	3 7/8	3 7/8	4	-	-	-
week ago	-	3 3/4	3 7/8	3 7/8	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 6 1/4; 3 mths: 5 7/8; 6 mths: 5 7/8; 1 year: 5 7/8. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Apr 25	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5 13/16 - 5 11/16	5 13/16 - 5 11/16	5 13/16 - 5 11/16	5 13/16 - 5 11/16	5 13/16 - 5 11/16	5 13/16 - 5 11/16
Danish Krone	6 1/4 - 5 3/4	6 1/4 - 5 3/4	6 1/8 - 5 13/16	6 1/4 - 5 15/16	6 1/4 - 5 15/16	6 1/8 - 5 13/16
D-Mark	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5 1/2 - 5 3/8	5 7/16 - 5 5/16	5 3/8 - 5 1/4	5 3/8 - 5 1/4
Dutch Guilder	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5 3/8 - 5 1/4	5 3/8 - 5 1/4	5 3/8 - 5 1/4	5 3/8 - 5 1/4
French Franc	6 - 5 7/8	6 - 5 7/8	6 - 5 7/8	5 13/16 - 5 11/16	5 7/8 - 5 3/4	5 13/16 - 5 11/16
Portuguese Esc.	11 3/4 - 11 1/4	12 1/4 - 11 15/16	12 1/2 - 12 1/4	11 1/2 - 11	11 - 10 3/4	10 3/8 - 9 3/4
Spanish Peseta	8 - 7 3/4	8 - 7 3/4	8 - 7 3/4	7 15/16 - 7 13/16	7 7/8 - 7 3/4	7 7/8 - 7 3/4
Sterling	5 - 4 3/4	5 - 4 3/4	5 3/16 - 5 1/16	5 3/8 - 5 1/4	5 7/16 - 5 5/16	5 7/8 - 5 3/4
Swiss Franc	4 1/8 - 3 7/8	4 1/8 - 3 7/8	4 1/16 - 3 15/16	4 1/16 - 3 15/16	4 1/16 - 3 15/16	4 1/16 - 3 15/16
Can. Dollar	5 7/16 - 5 5/16	5 11/16 - 5 7/16	5 13/16 - 5 9/16	6 1/16 - 5 13/16	6 1/2 - 6 1/4	6 13/16 - 6 11/16
US Dollar	3 3/4 - 3 5/8	3 27/32 - 3 23/32	3 7/8 - 3 3/4	4 1/4 - 4 1/8	4 5/8 - 4 1/2	5 1/4 - 5 1/8
Italian Lira	9 - 7 1/2	8 - 7 1/2	8 - 7 1/2	8 - 7 1/2	8 - 7 3/4	8 - 7 3/4
Yen	2 1/4 - 2 1/8	2 3/16 - 2 1/16	2 3/16 - 2 1/16	2 3/16 - 2 1/16	2 3/16 - 2 1/16	2 11/16 - 2 5/8
Asian $Sing	3 1/2 - 2 1/2	3 1/2 - 2 1/2	3 1/2 - 2 1/2	4 - 3	4 - 3	4 1/4 - 3 3/4

Short term rates are call for the US Dollar and Yen, others: two days' notice.

THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.30	94.27	-0.03	94.31	94.26	9,714	66,183
Sep	94.48	94.43	-0.05	94.48	94.42	6,603	46,539
Dec	94.45	94.40	-0.05	94.45	94.39	6,220	34,942
Mar	94.36	94.30	-0.06	94.47	94.29	5,784	34,265

THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.33	95.32	-0.04	95.33	95.32	38	5096
Sep	94.73	94.72	-0.07	94.74	94.73	66	2233
Dec		94.21	-0.06			0	1540
Mar		93.98	-0.11			0	972

THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.74	94.72	-0.03	94.76	94.71	21807	197724
Sep	94.86	94.83	-0.05	94.87	94.82	30687	157086
Dec	94.78	94.74	-0.07	94.79	94.73	24833	172546
Mar	94.77	94.68	-0.10	94.77	94.67	36973	187050

THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.24	92.17	-0.07	92.24	92.15	1933	46515
Sep	92.26	92.21	-0.07	92.26	92.18	1626	26110
Dec	92.05	92.04	-0.10	92.05	92.04	574	32997
Mar	91.95	91.89	-0.06	91.95	91.87	84	11316

THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.10	96.04	-0.06	96.10	96.03	4811	26683
Sep	96.07	96.02	-0.06	96.07	96.02	1306	10156
Dec	95.94	95.90	-0.05	95.94	95.91	308	4504
Mar	95.72	95.71	-0.04	95.72	95.72	30	838

THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.17	94.16	-0.01	94.17	94.15	547	11778
Sep	94.30	94.27	-0.03	94.30	94.27	249	12227
Dec	94.22	94.16	-0.06	94.22	94.16	146	6945
Mar	94.10	94.02	-0.10	94.10	94.01	157	2423

* LIFFE futures traded on APT

THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	95.35	95.31	-0.03	95.35	95.30	72,058	437,016
Sep	94.74	94.72	-0.03	94.74	94.70	121,356	388,344
Dec	94.21	94.20	-0.03	94.21	94.18	144,597	344,819

US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	95.80	95.76	-0.04	95.80	95.76	3,704	31,685
Sep	95.25	95.24	-0.03	95.25	95.24	689	11,218
Dec	94.80	94.80	-0.04	94.80	94.80	367	5,124

All Open interest figs. are for previous day

EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9450	0.24	0.39	0.40	0.02	0.06	0.16
9475	0.07	0.21	0.26	0.10	0.13	0.27
9500	0.02	0.10	0.16	0.30	0.27	0.42

Est. vol. total, Calls 2015 Puts 4519. Previous day's open int., Calls 216832 Puts 157357

EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9600	0.10	0.16	0.18	0.06	0.14	0.28
9625	0.02	0.06	0.09	0.23	0.29	0.44
9650	0.01	0.03	0.03	0.47	0.51	0.63

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 489 Puts 4054

UK INTEREST RATES

LONDON MONEY RATES

Apr 25	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5 1/4 - 4 1/4	5 - 4 3/4	5 1/8 - 5	5 1/4 - 5 1/8	5 7/16 - 5 5/16	5 7/8 - 5 3/4
Sterling CDs	-	-	5 1/32 - 4 31/32	5 1/8 - 5 1/16	5 3/8 - 5 5/16	5 3/4 - 5 5/8
Treasury Bills	-	-	4 29/32 - 4 27/32	4 15/16 - 4 7/8	-	-
Bank Bills	-	-	4 29/32 - 4 27/32	4 15/16 - 4 7/8	5 1/8 - 5 1/16	-
Local authority deps.	4 13/16 - 4 11/16	4 13/16 - 4 11/16	5 1/8 - 5	5 3/16 - 5 1/16	5 3/8 - 5 1/4	5 11/16 - 5 9/16
Discount Market Deps	5 1/4 - 4 1/4	4 7/8 - 4 3/4	-	-	-	-

UK clearing bank base lending rate 5 1/4 per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1 1/2	4	3 3/4	3 3/4	3 1/2

Certs of Tax dep. under £100,000 is 1 1/2pc. Deposits withdrawn for cash 1/2pc.
Ave. tender rate of discount 4.8510pc. ECGD fixed rate Stlg. Export Finance. Make up day March 31, 1994. Agreed rate for period Apr 26, 1994 to May 24, 1994, Schemes II & III 6.47pc. Reference rate for period Mar 1, 1994 to Mar 31, 1994. Schemes IV & V 5.214pc. Finance House Base Rate 5 1/2pc from Apr 1, 1994

THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.62	94.57	-0.06	94.62	94.57	9250	99390
Sep	94.31	94.25	-0.09	94.31	94.24	11485	80159
Dec	93.88	93.78	-0.12	93.88	93.78	7617	116677
Mar	93.33	93.27	-0.08	93.33	93.26	3003	45460

Traded on APT. All Open interest figs. are for previous day.

SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9450	0.14	0.16	0.12	0.07	0.41	0.84
9475	0.04	0.09	0.08	0.22	0.59	1.05
9500	0.01	0.04	0.04	0.44	0.79	1.26

Est. vol. total, Calls 4877 Puts 5601. Previous day's open int., Calls 164899 Puts 157916

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	*Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	Standard Chartered	5.25
Bank of Baroda	5.25	Girobank	5.25	TSB	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	●United Bk of Kuwait	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Unity Trust Bank Plc	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Western Trust	5.25
Bank of India	5.25	Heritable & Gen Inv Bk.	5.25	Whiteaway Laidlaw	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25	Yorkshire Bank	5.25
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25		
●Brown Shipley & Co Ltd	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

● Members of British Merchant Banking & Securities Houses Association
* In administration

The London Traditional Options table is included in the London Equities data published in today's edition.

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Money Market Bank Accounts

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EUROPE

AUSTRIA (Apr 25 / Sch)

[illegible]

BELGIUM/LUXEMBOURG (Apr 25 / Frs.)

[illegible]

DENMARK (Apr 25 / Kr)

[illegible]

FINLAND (Apr 25 / Mks)

[illegible]

FRANCE (Apr 25 / Frs.)

[illegible]

GERMANY (Apr 25 / Dm.)

[illegible]

ITALY (Apr 22 / Lire)

[illegible]

NETHERLANDS (Apr 25 / Fls.)

[illegible]

NORWAY (Apr 25 / Kroner)

[illegible]

SPAIN (Apr 25 / Pta.)

[illegible]

SWEDEN (Apr 25 / Kronor)

[illegible]

SWITZERLAND (Apr 25 / Fr.)

[illegible]

PACIFIC

JAPAN (Apr 25 / Yen)

[illegible]

AUSTRALIA (Apr 22 / Aus$)

[illegible]

HONG KONG (Apr 25 / H.K.$)

[illegible]

MALAYSIA (Apr 25 / MYR)

[illegible]

SINGAPORE (Apr 25 / S$)

[illegible]

NORTH AMERICA

CANADA

TORONTO (Apr 25 / Can $) 4 pm close

[illegible]

MONTREAL (Apr 25 / Can $) 4 pm close

[illegible]

AFRICA

SOUTH AFRICA (Apr 25 / Rand)

[illegible]

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Monday, April 25, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Pacific Metals	4.7m	429	-1	Itachi	2.4m	966	+1
Sumitomo Coal	4.6m	955	+14	Itochu Corp	2.4m	698	+16
Ishihara Sangyo	2.9m	440	+6	Toray	2.1m	700	+6
Nippon Steel	2.9m	344	+2	NEC	2.0m	1150	
Tokai Carbon	2.7m	494	+4	M'bishi Matl	2.0m	490	-9

INDICES

[illegible]

BSE Sens.(1979)	3813.2	3809.7	3778.9	4282.98 28/2	3464.06 5/1		
Indonesia Jakarta Comp.(10/8/82)	454.41	454.85	458.56	612.88 5/1	454.41 25/4		
Ireland ISEQ Overall(4/1/88)	1849.34	1843.79	1838.46	2082.16 20/1	1801.05 5/4		
Italy Banca Comm Ital (1972)	(c)	777.28	768.81	808.88 12/4	588.65 10/1		
MIB General (4/1/84)	(c)	1253.0	1236.0	1284.80 12/4	944.80 10/1		
Japan Nikkei 225 (16/5/49)	19709.14	19984.39	19799.38	20677.77 18/3	17369.74 4/1		
Nikkei 300 (1/10/82)	293.32	285.83	293.65	304.25 1/3	288.22 4/1		
Topix (4/1/68)	1604.43	1615.80	1607.50	1658.27 16/3	1445.97 4/1		
2nd Section (4/1/68)	2280.48	2280.62	2267.84	2280.82 22/4	1878.38 4/1		
Malaysia KLSE Comp.(4/4/86)	1059.52	1038.87	1026.81	1314.46 5/1	928.33 4/4		

MS Capital Int (1/1/70)§	609.0*	608.7	608.3	641.00 1/2	581.60 4/4
CROSS-BORDER					
Eurotrack 100(26/10/90)	1449.13	1458.24	1436.73	1549.19 31/1	1393.89 2/3
Euro Top-100 (26/6/90)	1247.82	1257.88	1240.55†	1311.91 2/2	1202.49 2/3
JCapeDigns (31/12/88)	(d)	311.34	305.75	395.19 5/1	290.28 21/3
Barings Emerg.(7/1/92)	148.32	143.56	141.85	182.72 14/2	141.85 21/4

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Apr	2134.0	2106.0	-37.0	2134.0	2096.0	22,094	20,790
May	2133.0	2106.5	-36.5	2133.0	2097.0	4,829	8,682
Jun	2118.0	2090.0	-37.0	2118.0	2081.5	1,598	27,274

Open interest figures for previous day.

*** Sat Apr 23: Taiwan Weighted Price 5637.39; Korea Comp Ex 892.73. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.6; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (d) Unavailable. ‡ IBIS/DAX after-hours index: Apr 25 - 2208.88 -8.45

US INDICES

Dow Jones	Apr 22	Apr 21	Apr 20	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3648.68	3652.54	3598.71	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	98.39	98.27	98.49	105.61 (21/1)	98.27 (21/4)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1595.02	1583.54	1546.02	1862.29 (2/2)	1546.02 (20/4)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	199.25	210.16	199.94	227.88 (3/1)	192.99 (4/4)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3690.32 (3673.96) Low 3621.01 (3582.94) (Theoretical♦)
Day's high 3663.84 (3652.84) Low 3640.94 (3598.71) (Actual♦)

Standard and Poors	Apr 22	Apr 21	Apr 20	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	447.63	446.73	441.96	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	519.09	518.82	510.05	556.89 (2/2)	510.05 (21/4)	556.89 (2/2/94)	3.62 (21/6/82)
Financial	43.60	43.95	43.73	46.58 (31/1)	41.39 (4/4)	48.49 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	247.95	248.18	244.86	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.48 (25/4/42)
Amex Mkt Val	433.31	431.13	427.80	487.89 (2/2)	427.80 (20/4)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	722.56	716.74	705.61	803.93 (18/3)	705.61 (20/4)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Apr 22	Apr 15	Apr 8	Year ago
Dow Jones Ind. Div. Yield	2.79	2.77	2.78	3.01
	Apr 20	Apr 13	Apr 6	Year ago
S & P Ind. Div. yield	2.65	2.61	2.48	2.57
S & P Ind. P/E ratio	23.24	23.67	23.87	29.46

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	448.20	447.65	-0.35	448.30	446.60	86,592	189,966
Sep	-	-	-	-	-	-	-
Dec	-	-	-	-	-	-	-

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Telefonos	5,942,500	57¾	+2⅜
IBM	5,880,600	58¾	+⅛
Promus	5,623,900	32	-1⅜
Unisys	4,881,300	11⅛	-2⅛
Motorola	3,742,900	46	-⅛
RJR Nabisco	3,223,200	6⅜	+⅛
Chase Man	2,958,200	33¾	-1
Merck	2,819,600	31	+⅛
Chrysler	2,801,600	48¾	+⅛
SCE Corp	2,703,300	15⅛	-⅛

■ TRADING ACTIVITY

● Volume (million)

	Apr 22	Apr 21	Apr 20
New York SE	290.843	378.802	382.300
Amex	18.264	11.278	15.663
NASDAQ	319.543	341.226	335.340
NYSE			
Issues Traded	2,778	2,781	2,790
Rises	1,279	1,554	812
Falls	911	689	1,415
Unchanged	588	538	563
New Highs	15	13	5
New Lows	84	100	179

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
17⅜	14⅛	AAR	0.48	3.1	516	68	15⅞	15½	15½	-⅜
16⅞	13⅜	A L Labs A	0.18	1.3	32	39	14	13⅞	13⅞	
65½	57⅜	AMP	1.68	2.8	21	1244	61	59⅝	60⅞	+1⅛
72¾	52⅛	AMR			28	3536	58⅞	57¼	58⅞	+1⅞
5	3⅝	ARX			15	44	4½	4⅜	4⅜	+⅛
58⅛	38⅝	ASA	2.00	4.9	27	736	41⅛	40	41	+1¼
30⅝	25⅜	AbbtL x	0.76	2.7	16	5748	28¼	27⅝	28¼	+⅛
13¾	11⅜	Abitibi Pr	0.50	4.1	7	172	12⅛	12	12⅛	+⅛
19¾	11⅛	Acptncstn			22	307	12⅜	12	12	-½
31	24½	ACE Ltd	0.40	1.4	4	525	28¾	27¾	28½	+¾
12½	10⅛	ACM Gvt In x	1.09	9.8		486	11⅛	11	11⅛	+1⅛
10⅛	7⅞	ACM GvOpp x	0.80	9.6		z100	8¼	8¼	8¼	+.55
10⅝	8⅝	ACM Gvt Sp x	0.96	10.7		480	9	8¾	9	+1⅛
12	9⅜	ACM Gvt Sp x	1.09	10.7		538	10⅜	10⅛	10¼	+1⅛
11¾	8¾	ACM Mgn x	1.08	10.8		201	10	9⅞	10	+1.09
9¼	8	ACM Mangd x	0.72	6.6		83	6⅞	8⅞	8⅞	+⅝
12	8¾	AcmeClv	0.44	4.0	13	137	11⅛	10¾	11	
8½	7⅛	Acme Elect			34	20	8⅛	8	8	
28¼	23	Acordia	0.60	2.2	13	23	26¾	26⅝	26¾	+⅜
9⅜	5¾	Actava	0.38	4.2	3	212	9¼	8⅝	8⅝	-½
13⅞	11¼	Acuson			102	497	u13⅞	12¾	13⅞	+⅝
18⅝	16½	Adams Expr	0.48	2.8	0	80	17	16⅞	16⅞	-⅛
64	48½	Ad Micro	3.00	5.6		123	54	53¾	54	+¼
31¾	16¾	AdvMic	3.00	11.7	11	2587	25⅞	25⅜	25¾	+¼
8⅞	5⅜	Advest Grp	0.16	3.0	8	292	5⅜	d5⅛	5⅜	
20	16¾	Advo Inc	0.10	0.6	115	131	17⅜	17	17⅜	+⅛
57¼	49⅜	Aegon ADR	1.23	2.4	11	347	52¼	51⅝	52	+⅜
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NYSE COMPOSITE PRICES

1994 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
Continued from previous page										
18½	13⅝	SftyKl	0.36	2.4	8	1340	15	14½	14⅞	+⅜
27	19¼	Safeway			25	848	25⅛	24⅝	25⅛	+¼
6⅜	4⅞	SafewayWt96				148	6	5⅞	6⅞	
57⅞	50¼	StJoePaper	0.20	0.4	296	55	56⅛	55¾	56⅜	+⅞
30¼	28	StJosL&P	1.80	6.1	14	6	29⅝	29¼	29⅜	+⅛
90	76⅜	StPaul	3.00	3.7	8	305	82⅛	81½	82	+¼
9⅜	6¾	Salant Crp			10	30	8¼	8¼	8¼	
49⅞	38¾	Sallie Mae	1.40	3.6	7	2978	39¼	d38¼	38⅜	-⅛
13⅞	11⅞	Salomon Br	0.34	2.7		1169	12½	12¼	12⅜	
52¾	44¼	Salomn	0.64	1.3	6	4849	48⅞	47½	48⅞	-¼
25	21½	SoDgGE	1.52	6.8	12	444	22⅛	22	22¼	+¼
10	7½	SantaFeEle	0.16	1.8	8	303	9	8¾	8⅞	-⅛
40	34⅝	SantaFePac x	2.80	7.5	17	32	37½	37	37¼	+2.55
28¼	21	SanFeP	0.10	0.4	12	2165	22⅝	22	22⅛	-¼
26	20⅛	SaraLee	0.64	3.0	14	4202	21¼	20⅞	21	
50½	44½	Scana Corp	2.82	6.1	12	144	46½	45⅞	46½	+⅝
20½	15⅜	Scecorp	1.42	8.9	11	10114	15⅝	15½	15⅝	+¼
40½	34¼	SchererRP			28	24	37¼	37	37	+⅛
69⅞	54½	SchrPl	1.80	3.0	14	3170	60¾	59⅝	60½	+⅞
61½	50¼	Schlmb	1.20	2.2	23	4847	55¾	54¾	55⅝	+⅝
33	25¼	Schwab(C)	0.28	1.0	13	1235	29¼	28⅞	29⅛	+⅛
10¾	6⅛	Schwitzer			26	35	9¼	8⅞	9¼	+⅜
36⅞	24⅞	SciAtl	0.12	0.4	56	508	28⅛	27¾	28	
16⅞	13⅛	Scotman	0.10	0.7	12	15	13⅝	13⅜	13⅝	+⅛
45¾	37¼	ScottP	0.80	2.0	10	6524	41	40⅝	40¾	-¼
26⅝	18⅝	ScuddrNAsF	0.21	0.9		63	22⅞	22½	22⅞	+¼
12⅞	9¾	ScuddrNEuF	0.16	1.5		284	10⅜	10⅝	10⅝	-⅛
18¾	16½	SeaCnB	0.70	4.1	8	16	17½	16⅞	16⅞	
16½	15⅛	SeaC1.4625	1.46	9.1		9	16	16	16	

AMEX COMPOSITE PRICES

4 pm close April 25

NASDAQ NATIONAL MARKET

4 pm close April 25

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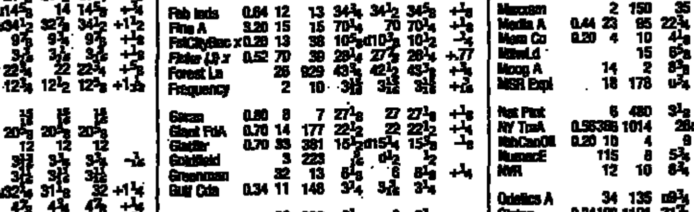


AMERICA

DuPont leads rise in Dow industrials

Wall Street

Strong corporate earnings brought cheer to US equity investors yesterday morning, pushing up share prices across the board, *writes Frank McGurty in New York.*

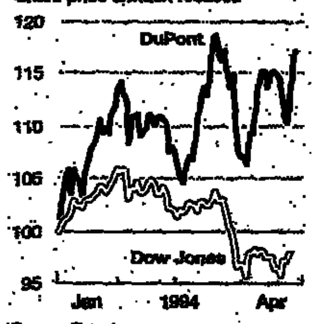
By 1 pm, the Dow Jones Industrial Average was 25.57 higher at 3,674.25, while the more broadly based Standard & Poor's 500 was 2.20 ahead at 449.83 in light trading.

In the secondary markets, the American SE composite was 1.17 better at 434.48, and the Nasdaq composite gained 4.40 to 726.96.

Stocks opened with solid gains as continued stability in the bond market was sufficient to encourage a flurry of buying as the session got under way.

DuPont

Share price & index rebased



Source: Datastream

The National Association of Realtors said that sales of existing homes last month had risen 5.7 per cent from the previous month. With sales declining by 9.7 per cent amid February's deep freeze, investors attributed little significance to the data.

The early improvement in stocks came soon after most of the US financial markets announced that they would close on Wednesday in honour of former President Richard Nixon, who died at the weekend. The Commerce Department said that it would postpone the release of March durable goods data in observance of the national day of mourning.

Investors yesterday chose to accentuate the positive, responding enthusiastically to strong first-quarter results released by several companies whose performance is closely linked to the macro-economic cycle. The favourable reaction contrasted with that afforded Caterpillar and Chrysler earlier in the reporting season. Those stocks were hard hit after the companies revealed solid first-quarter performances.

Yesterday, DuPont led the Dow industrials, jumping $3¼ to $58¾. The company posted a 39 per cent surge in net income, and inspired buying in a range of cyclical stocks. International Paper leapt $1¼ to $62¼ and Caterpillar by $1⅝ to $109.

Goodyear, which is riding high on a strong recovery by the US car industry, gained $1 to $40. It said that underlying net income climbed by 33 per cent in the first quarter.

In the automobile sector, Ford was $1⅛ ahead at $56⅞ and General Motors added $1 to $56⅝ as investors awaited the companies' results, expected later this week. Chrysler edged $⅛ higher to $49.

Boeing, another Dow component, added $1 to $44⅞ after the company said that its 1994 results would come in at the top end of forecasts, the shares improving in spite of a decline in first quarter net earnings.

In retailing, Kmart receded $⅞ to $17⅞ in heavy volume of more than 1m shares. The discount chain warned that its first-quarter earnings would fall short of last year's 12 cents a share.

Margaretten Financial surged $3⅞ to $18⅞ after announcing that it was in talks with several companies about its possible acquisition. Salomon Brothers fell $1⅛ to $48⅝ after a disappointing first quarter.

Canada

Toronto stocks held on to moderate gains in sluggish midday trade which saw the TSE 300 composite index up 28.88 to 4,196.04 in volume of 23.56m shares.

Most of the activity was centred on the gold sub-index, which was 1.9 per cent ahead in response to higher gold prices. American Barrick picked up C$⅞ to C$30 and Hemlo Gold rose C$¼ to C$12¼.

EUROPE

Bourses moderately inspired by strong US start

Bourses were only moderately inspired by a strong start on Wall Street, *writes Our Markets Staff.* Milan was closed for a holiday.

FRANKFURT eased on the session and rose with the Dow in the afternoon, the Dax index falling 11.70 to 2,202.22 and recovering to an Ibis-indicated 2,208.68.

The day was marked by disaffection with front-line cyclicals – chemicals, although they would normally be bought at this time of the year, and carmakers, and some engineers and steels – as analysts said that there were some less exaggerated valuations elsewhere in the cyclical category.

Turnover dropped from DM11.6bn to DM7.7bn. BASF and Bayer led chemicals down with session falls of DM3.80 to DM314 and DM4.10 to DM385.10; Mr Glen Liddy of Kleinwort Benson said that German institutions, which tend to buy the stocks for their dividends, were holding off.

In the automotive sector Continental, the tyremaker, dropped DM5.50 to DM282.50 and Volkswagen DM17.50 to DM531 after a magazine article said that VW might be forced to impose large-scale lay-offs next year.

Siemens, representing the quieter cyclicals, virtually held its ground at DM734, down 80 pfg. Mr Liddy thought that its first half results were "very encouraging", and the shares rose after hours by DM3.50 to DM737.50.

PARIS found it impossible to sustain Friday's 2 per cent gain, and the first day of the May trading account saw the CAC 40 index 18.88 lower at 2116.29. Dealers said that falls in bonds left equity investors worried about high yields at the long end of the fixed interest market.

Turnover was low at FFr2.3bn. Eurostocks offered a contrast: Eurotunnel, in a mirror image of the market, rose 55 centimes to FFr40.75 in a technical recovery after a sharp fall on Friday; Euro Disney, however, dropped FFr1.70, or 5 per cent to FFr32.20 as traders created short positions to open the new account.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Apr 25 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1451.89	1450.32	1449.85	1446.35	1444.14	1446.04	1447.46	1448.13
FT-SE Eurotrack 200	1469.92	1468.79	1468.28	1465.95	1464.22	1463.33	1466.35	1467.22

	Apr 22	Apr 21	Apr 20	Apr 19	Apr 18
FT-SE Eurotrack 100	1456.24	1438.73	1444.73	1448.60	1470.56
FT-SE Eurotrack 200	1476.82	1458.96	1465.17	1470.66	1492.36

Base 1000 (26/10/90); Highday: 100 - 1452.55; 200 - 1470.35 Lowday: 100 - 1443.86 200 - 1462.27

ZURICH bounced back from early lows after Wall Street opened. The SMI index, under pressure during the morning from weak bond futures, finished down 24.4 at 2,763.5 after a low of 2,738.5.

Nestlé fell SFr13 to SFr1,211 in heavy trade ahead of tomorrow's annual news conference.

Roche certificates gave up another SFr50 to SFr6,800 but Ciba registered, trading ex-dividend, added a net SFr2 to SFr866.

Miss Janet Dyson at Hoare Govett commented that Ciba's growth in the next three years was expected to derive principally from the industrial division – although restructuring should prevent a significant downturn in healthcare and agriculture – in spite of difficult market conditions.

Banks were under pressure, with CS Holding SFr13 lower at SFr593 ahead of Friday's annual news conference.

Ascom was steady at SFr1,300 in low volume after the troubled telecommunications company reported a 1993 loss at the top end of expectations, but said that it expected to break even this year and return to profit in 1995.

STOCKHOLM was unimpressed by the supplementary budget and instead turned its attention to corporate news and forthcoming results. The Affärsvärlden index rose 1.5 to 1,463.4.

Mr Allen Owie at Unibank commented that budget reduction measures had fallen far short of expectations, suggesting that the forthcoming election in September may have constrained the government's room for manoeuvre.

Volvo B rose SKr14 to an all time high of SKr712 on news that the carmaker had sold its 43.8 shareholding in Cardo to Incentive, which then launched a bid for the rest of the investment company.

Incentive fell SKr3 to SFr302 amid worries that it was paying too much while Cardo shot up SKr98 to SKr498, just under the SKr500 bid level.

Gambro B, majority owned by Cardo, rose SKr12 to SKr361, after news of the bid.

Handelsbanken B added SKr4 to SKr118 in response to positive 3 months earnings figures.

AMSTERDAM failed to recover from early falls, caused by a sharp drop in bond prices, and the AEX index finished 4.15 lower at 414.96 lower in quiet trading.

Akzo Nobel fell Fl 2.60 to Fl 220.50 ahead of first quarter results today.

MADRID, volatile this year, was consciously staid as it waited out the day of the Banesto auction, the result of which was due after hours.

The general index rose a mere 0.03 to 318.99 in turnover of Pta21bn.

Banesto fell Pta23 to Pta755 after a broker said it was worth Pta500 a share, and BBV and Santander, thought to be the most likely contenders, fell Pta5 to Pta3,200 and Pta10 to Pta6,150.

WARSAW rose for the fourth consecutive session, the WIG index closing 458.6, or 3.5 per cent higher at 13,557.6, but brokers said that there was also increased selling, offering the prospect of strong profit-taking in the days to come.

ISTANBUL dropped 5.5 per cent as sellers stepped in after early buying, the composite index ending 1,022.43 down at 17,450.88, after 19,212.39 in the first half of the session.

Written and edited by William Cochrane and Michael Morgan

ASIA PACIFIC

Nikkei dips ahead of holiday as Kuala Lumpur climbs

Tokyo

Arbitrage selling and position adjustment by dealers ahead of the Golden Week holidays depressed share prices, and the Nikkei index gave up 1.3 per cent, *writes Emiko Terazono in Tokyo.*

The 225 average fell 255.25 to 19,709.14 after a high of 19,921.48 and a low of 19,628.33. A fall in the futures market prompted selling by arbitrageurs, while foreign investors were also seen liquidating large capital stocks.

The strengthening of the yen to the Y102 level also unnerved investors. The currency closed up Y0.72 to Y103.05 in spite of selling intervention by the Bank of Japan. "Many people are afraid of the yen and another cold summer hampering the expected economic recovery," said Mr Yasuo Ueki at Nikko Securities.

Some market participants said they would adjust positions ahead of the US GDP figures on Thursday. "A rise in GDP could lead to a further rise in interest rates and a fall on the New York stock market," said a dealer.

Volume totalled 250m shares against 307m as most investors remained on the sidelines, and traders said that 20 per cent of the volume was linked to technical activity.

The Topix index of all first section stocks fell 1.37 to 1,604.43, and the Nikkei 300 fell 2.31 to 293.32. Losers outpaced winners by 702 to 310 with 171 unchanged and, in London, the ISE/Nikkei 50 index rose 1.36 to 1,311.11.

Financial stocks were lower on index-linked selling. Dai-Ichi Kangyo Bank fell Y40 to Y1,900 and Bank of Tokyo lost Y20 to Y1,570. Nomura Securities lost Y50 to Y2,260.

Nippon Telegraph and Telephone, the benchmark stock for investor confidence, fell Y9,000 to Y888,000 and East Japan Railway declined Y2,000 to Y483,000.

Profit taking depressed petroleum stocks. Showa Shell Sekiyu fell Y60 to Y1,370 and Tonen lost Y20 to Y1,540.

Speculative favourites were higher on buying by individual investors, Sumitomo Coal Mining rising Y14 to Y965 and Ishihara Sangyo by Y9 to Y440.

Retailers were bought on hopes of a consumption-led economic recovery. Takashimaya rose Y20 to Y1,360 and Marui gained Y40 to Y1,680.

In Osaka, the OSE average fell 122.53 to 22,029.50 in volume of 16m shares. Nintendo, the video game maker, fell Y120 to Y6,520 on profit-taking by overseas investors.

Roundup

Some strong performances were seen in the Pacific Rim while other markets were lacklustre. Australia, New Zealand and Colombo were closed for public holidays.

KUALA LUMPUR picked up 2 per cent as investors, demonstrating increasing confidence, bought blue-chip stocks. The composite index added 20.65 to 1,059.52.

SINGAPORE was higher, supported by institutional demand for several blue chips, but trading volume was still light. The Straits Times Industrials index closed 42.23 or 1.9 per cent higher at 2,307.82.

TAIWAN rose 1.4 per cent in heavy trade led by steels, papers and plastics, but some heavy profit-taking was awaited as a prelude to any sustained advance. The weighted index rose 81.22 to 5,918.55 in heavy turnover of T$73.22bn.

MANILA overcame a hesitant start, heartened by the strong performance of the San Miguel and Manila Electric (Meralco) issues, and the composite index climbed 50.24 or 1.8 per cent to 2,838.40. Volume dipped to 1.51bn shares from Friday's 1.94bn.

San Miguel A and Meralco B shares each rose around 4 per cent to 169 pesos and 515 pesos respectively. PLDT added 25 pesos to at 1,765 pesos.

SEOUL saw profit-taking in blue chips wipe out early gains, and the composite index, 8 points higher at one stage, ended 0.03 lower at 892.70.

HONG KONG closed easier but a late round of bargain hunting trimmed losses after a sluggish day's trade. The Hang Seng index lost 20.74 at 9,136.11 after a low of 9,068.26. Turnover was down to an indicated HK$2.95bn, against Friday's HK$5.68bn.

KARACHI was marked 1.8 per cent lower amid selling pressure from short-term investors on settlement day. The KSE 100-share index fell 44.22 to 2,425.80.

SOUTH AFRICA

Buyers return despite bomb blasts

Shares recovered late in the day from pre-election nervousness as buyers returned, in spite of the spate of bomb blasts which have killed at least 19 people since Sunday.

Gold price gains towards the close brought fresh interest to the market, taking the gold index 11 higher to 1,846. The overall index finished 28 higher at 5,068 and industrials were 43 ahead at 6,031.

De Beers reversed losses to post a 75-cent gain to R108.25 and Anglos made R1.50 to R215.50. SAR added R2 to R92, Rembrandt collected 25 cents to R30 and Richemont put on R1 to R42.

US provides clues for Latin America

Brazil

São Paulo added to Friday's 10.6 per cent advance with a further rise of 6.6 per cent in moderate trade by mid-session, boosted by a slight drop in US interest rates and by Wall Street's performance.

The Bovespa index was up 975 at 15,178 by the lunchtime break, in turnover of Crz147bn.

Traders said that with little news on the domestic front, the market was looking to New York for direction and prices were also lifted by a downward drift in US rates. Telebras was trading 6.2 per cent higher at CRz41.

However, the market was also keeping an eye on Brasilia where congressmen could vote on the Provisional Measure 457 which details the specifics of the government's anti-inflation plan.

Mexico

Mexico City reversed early weakness to post a moderate gain in mid-session after Friday's strength, the IPC index rising 16.47, or 0.75 per cent to 2,225.78 after a session low of 2,201.02.

Mexican stocks registered their biggest advance in more than three years last Friday after the Banco de Mexico moved decisively to protect the peso and quell speculation.

On Friday, the 36-share IPC closed 133.99, or 6.5 per cent higher at 2,209.31, its biggest single-day advance in percentage terms since 17 January 1991.

Leading gainers yesterday morning were the steel company, Sidek, whose A shares, rose 2.1 per cent, Telmex A, up 1.9 per cent, and its L shares, which rose 1.9 per cent.

MARKETS IN PERSPECTIVE

	%-change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1994	Start of 1994	Start of 1994
Austria	-3.36	-4.96	+29.11	-7.61	-6.77	-5.41
Belgium	+0.30	+1.11	+16.18	-0.81	+2.44	+2.84
Denmark	+1.05	-1.57	+28.94	+0.05	+1.86	+2.26
Finland	-0.97	+0.86	+64.55	+12.34	+17.99	+18.44
France	-1.54	-0.42	+13.74	-4.81	-3.60	-3.22
Germany	+0.91	+3.90	+28.73	-2.48	-0.46	-0.06
Ireland	-0.86	-0.29	+20.72	-1.23	+0.81	+1.20
Italy	-1.43	+15.63	+48.45	+26.07	+32.59	+33.10
Netherlands	-1.05	+4.53	+24.64	-0.34	+1.25	+1.64
Norway	-1.47	-1.67	+35.06	+4.97	+6.97	+7.38
Spain	+0.44	-2.68	+24.91	-3.57	-0.47	-0.08
Sweden	-0.10	+2.06	+31.56	+2.57	+7.93	+8.35
Switzerland	-2.55	-1.08	+30.14	-4.00	-1.23	-0.84
UK	-1.08	+0.10	+10.54	-7.08	-7.08	-6.72
EUROPE	-0.89	+1.52	+19.91	-2.93	-1.41	-1.02
Australia	-1.32	-4.69	+16.68	-5.70	-0.55	-0.16
Hong Kong	-4.80	-2.31	+38.64	-23.52	-23.82	-23.52
Japan	-1.28	+0.16	+6.28	+11.18	+19.25	+19.70
Malaysia	+2.58	+7.40	+64.33	-17.57	-17.77	-17.45
New Zealand	-0.60	-1.33	+27.28	-5.69	-3.81	-3.43
Singapore	+2.40	+10.42	+38.94	-10.42	-7.96	-7.60
Canada	-1.40	-7.15	+12.05	-2.69	-6.90	-6.54
USA	+0.43	-2.85	+1.64	-3.95	-4.32	-3.95
Mexico	-4.86	-17.05	+21.09	-18.50	-25.11	-24.82
South Africa	+2.38	-2.12	+47.82	+3.35	-9.04	-8.68
WORLD INDEX	-0.59	-0.89	+9.29	-0.49	+1.68	+1.98

† Based on April 22nd 1994. Copyright, The Financial Times Limited, Goldman, Sachs & Co.,and NatWest Securities Limited.

Another increase in US short-term interest rates last Monday left a number of domestic indices markets at, or close to their 1994 lows.

In Europe, Germany was a significant exception. Its upward career, prompted by a Bundesbank rate cut on April 14, was interrupted; but it resumed as the financial sector recovered from fears inspired by the Jürgen Schneider property affair.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY APRIL 22 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY APRIL 21 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (69)	166.60	1.6	166.30	109.15	148.78	164.19	0.7	3.54	164.03	162.47	107.36	143.97	163.11	189.15	130.19	141.83
Austria (17)	174.98	-1.5	174.57	114.65	154.17	153.87	-1.1	1.01	177.58	175.89	116.23	155.86	155.67	195.41	139.63	142.74
Belgium (42)	167.27	0.8	166.97	109.59	147.37	143.84	1.2	3.80	165.91	164.32	108.59	145.61	142.14	171.69	141.92	151.91
Canada (106)	126.91	0.3	126.68	83.15	111.81	126.69	-0.1	2.65	126.57	125.36	82.84	111.08	126.75	145.31	121.46	123.78
Denmark (32)	252.79	0.8	252.33	165.62	222.71	228.58	1.2	1.04	250.73	248.34	164.11	220.06	225.81	275.79	207.58	211.77
Finland (22)	145.92	0.5	145.66	95.61	128.56	169.20	0.8	0.89	145.28	143.88	95.08	127.49	166.85	158.72	85.54	87.84
France (98)	170.30	1.4	169.99	111.58	150.04	155.14	1.8	2.90	167.99	166.39	109.96	147.44	152.43	185.37	149.80	160.43
Germany (58)	140.15	0.5	139.90	91.82	123.47	123.47	0.9	1.66	139.43	138.11	91.26	122.38	122.38	142.38	107.59	114.83
Hong Kong (56)	374.20	2.1	373.53	245.17	329.69	371.25	2.1	2.87	366.57	363.08	239.93	321.74	363.65	506.56	269.61	269.61
Ireland (14)	187.44	-0.6	187.10	122.81	165.14	182.91	-0.1	3.29	188.56	186.76	123.42	165.50	183.07	209.33	155.83	163.45
Italy (60)	91.29	1.9	91.13	59.81	80.43	110.55	2.1	1.57	89.63	88.78	58.67	78.67	108.32	93.43	57.86	65.30
Japan (469)	155.77	0.4	155.50	102.06	137.24	102.06	0.5	0.79	155.13	153.65	101.53	136.15	101.53	166.91	124.54	136.86
Malaysia (98)	468.29	1.3	467.42	319.93	430.21	505.92	1.3	1.34	482.07	477.48	315.53	423.11	499.25	621.68	310.86	310.86
Mexico (18)	1795.10	5.6	1791.67	1176.12	1581.53	6606.30	5.8	0.75	1696.28	1680.11	1110.25	1488.77	6244.33	2647.06	1431.17	1613.74
Netherland (26)	202.37	0.8	202.01	132.59	178.30	175.90	1.2	3.19	200.77	198.86	131.41	176.21	173.87	207.49	163.30	171.31
New Zealand (14)	65.58	1.6	65.46	42.97	57.78	60.79	0.6	3.91	64.56	63.95	42.26	56.67	60.45	77.59	46.43	48.67
Norway (22)	192.90	0.5	192.56	126.39	169.95	192.49	0.9	1.72	191.87	190.05	125.59	168.40	190.78	206.42	160.61	154.69
Singapore (44)	339.61	1.6	339.00	222.51	299.21	244.11	1.6	1.59	334.17	330.99	218.73	293.30	240.16	378.92	235.55	235.55
South Africa (59)	243.95	1.6	243.51	159.83	214.93	258.87	0.3	2.36	240.09	237.80	157.15	210.72	258.19	280.26	172.13	172.13
Spain (42)	139.24	2.3	138.99	91.23	122.67	145.49	2.6	4.10	136.14	134.84	89.11	119.49	141.78	165.79	116.33	131.64
Sweden (36)	212.77	1.4	212.39	139.41	187.46	246.53	1.5	1.58	209.82	207.82	137.33	184.16	244.88	230.02	169.85	172.09
Switzerland (46)	158.79	-0.1	158.50	104.04	139.90	141.54	0.3	1.68	158.94	157.43	104.03	139.50	141.16	176.56	119.83	120.36
United Kingdom (206)	191.28	0.1	190.93	125.32	168.53	190.93	0.9	3.87	191.00	189.17	125.01	167.64	189.17	214.96	170.32	180.34
USA (519)	182.41	-0.3	182.08	119.51	160.70	182.41	-0.3	2.92	182.98	181.24	119.77	160.60	182.98	196.04	176.91	179.45
EUROPE (724)	167.84	0.6	167.53	109.96	147.87	160.22	1.1	2.89	166.81	165.22	109.18	146.40	158.44	178.58	141.68	147.01
Nordic (113)	204.93	1.1	204.56	134.27	180.55	208.87	1.3	1.37	202.75	200.82	132.71	177.95	206.21	220.60	155.82	161.06
Pacific Basin (750)	164.13	0.6	163.83	107.53	144.60	112.13	0.7	1.08	163.12	161.57	106.77	143.17	111.39	189.80	134.79	141.04
Euro-Pacific (1474)	165.52	0.6	165.22	108.45	145.83	130.97	0.9	1.84	164.51	162.94	107.67	144.38	129.86	170.78	141.98	143.87
North America (625)	178.96	-0.3	178.64	117.25	157.67	178.57	-0.3	2.91	179.48	177.77	117.47	157.53	179.11	192.73	173.70	176.00
Europe Ex. UK (519)	151.38	0.9	151.11	99.18	133.37	141.08	1.2	2.30	150.03	148.60	98.20	131.68	139.34	155.73	122.37	128.54
Pacific Ex. Japan (281)	246.17	1.7	245.73	161.29	216.89	224.76	1.4	2.65	242.03	239.73	158.42	212.43	221.55	298.21	181.46	182.29
World Ex. US (1657)	166.08	0.7	165.78	108.81	146.32	133.82	0.9	1.86	164.98	163.39	107.97	144.78	132.65	172.51	142.94	143.89
World Ex. UK (1971)	168.49	0.3	168.19	110.39	148.44	145.03	0.4	2.06	167.91	166.31	109.90	147.37	144.44	175.58	152.41	152.41
World Ex. So. Af. (2117)	170.09	0.3	169.78	111.44	149.85	148.27	0.5	2.23	169.56	167.95	110.98	148.82	147.59	178.56	154.85	154.85
World Ex. Japan (1707)	180.37	0.3	180.05	118.18	158.91	176.40	0.4	2.85	179.86	178.15	117.72	157.86	175.66	195.20	165.70	166.10
The World Index (2176)	170.51	0.3	170.20	111.71	150.22	149.12	0.5	2.23	169.96	168.34	111.24	149.17	148.45	178.97	154.85	154.85

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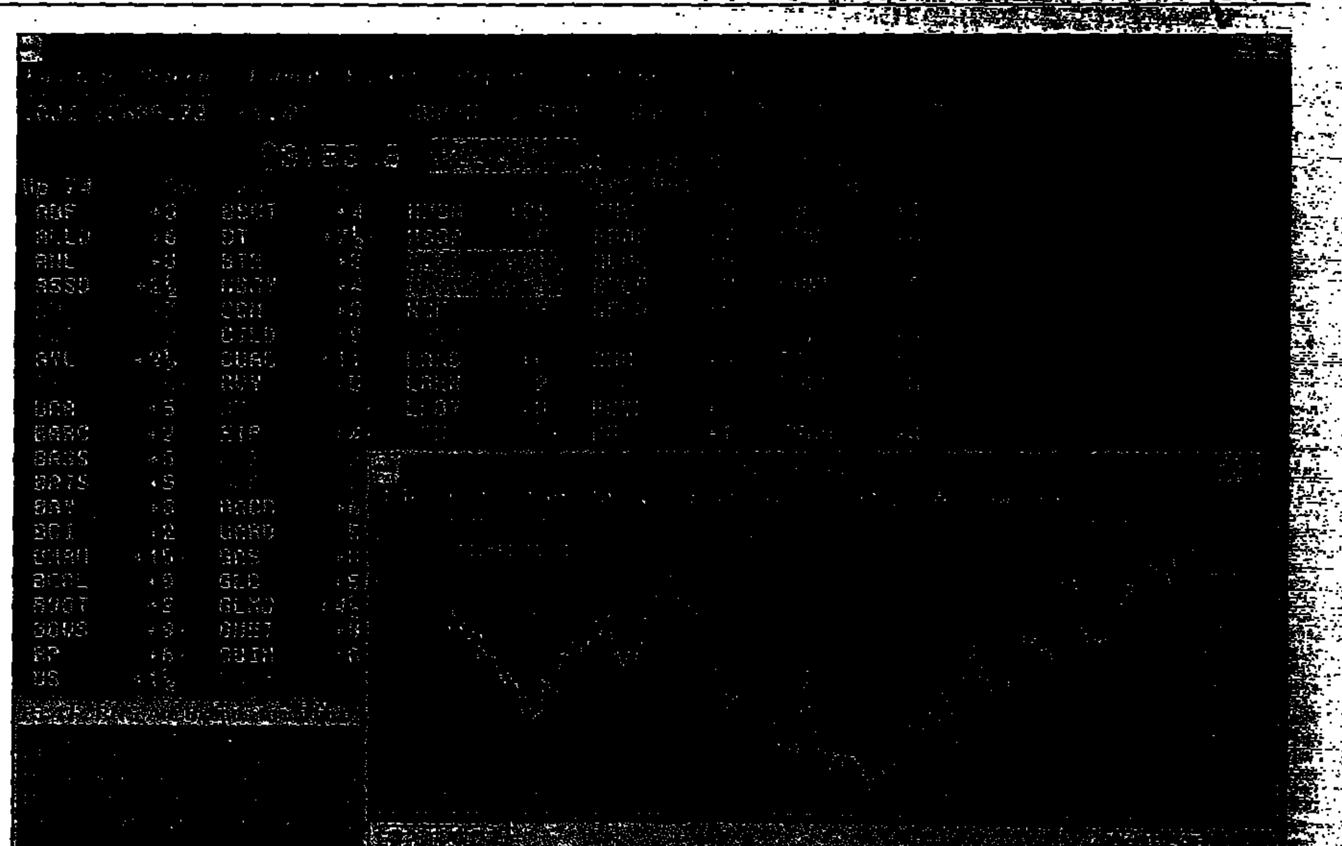

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NEWS IN BRIEF

Manila accused over software

The Philippines has one of the world's worst records for pirating computer software, an alliance of the world's leading software companies said yesterday, Reuter reports from Manila.

Mr Ron Eckstrom, vice-president of the Business Software Association (BSA), said about 99 per cent of computer software in the Philippines was pirated or illegally copied and distributed. This translates to losses of tens of millions of dollars, he told a business conference.

Mr Eckstrom gave no exact figures for the losses but said they compared with Indonesia and Thailand which both showed 99 per cent incidence of illegal use of software programmes. BSA estimates that losses from software copying and counterfeiting amount to $14bn a year, or 33 per cent of their global revenues.

Indian dam suicide threat

A group of Indian environmentalists has threatened mass suicide by drowning unless the government abandons construction of a dam they say will displace thousands of tribal people in three central states, Reuter reports from New Delhi. The environmentalists say nearly 170,000 people, most of them tribespeople in the states of Gujarat, Maharashtra and Madhya Pradesh, would be displaced if the Sardar Sarovar Project on the river Narmada were completed. They say that with seasonal monsoon rains set to break over the three states next month, 1,500 tribal families face an immediate threat of flooding unless the government opens up sluice gates which have already been built for the dam.

Fear averts coup in Burundi

A military coup failed in the central African state of Burundi early yesterday when soldiers refused to take part for fear of triggering a tribal bloodbath like the one raging in neighbouring Rwanda, the Burundi army chief-of-staff, Colonel Jean Bikomagu, said, Reuter reports from Bujumbura. Burundian President Cyprien Ntaryamira was killed with his Rwandan counterpart, Juvenal Habyarimana, on April 6 when a rocket brought down their aircraft at the airport in the Rwandan capital, Kigali.

Egyptians kill key militant

A man described as the most wanted Islamic militant in Egypt was killed along with 10 other suspected fundamentalists in two shootouts yesterday, security officials said, Reuter reports from Cairo. Taalat Yassin Hammam and six other militants were shot dead in a flat in the east Cairo suburb of Kobri el-Kobba when police went to arrest them early yesterday morning, the officials said. Hammam was sentenced to death in absentia in 1992.

China defuses Jakarta row

A Chinese official said yesterday that Beijing's statement of concern about labour unrest in Indonesia was not meant as interference in its domestic affairs, AP reports from Jakarta. "It was only to show concern as the two countries have developed good relations," Wang Guanying, president of the China-Indonesia Co-operation Agency, said after talks with President Suharto.

Arms push up Kuwaiti deficit

The Kuwaiti government forecasts a 40 per cent increase in its budget deficit in fiscal 1994/95 starting on July 1, a finance ministry official said in remarks published yesterday, Reuter reports from from Kuwait. Finance ministry under-secretary, Mr Abdulmohsen al-Hunaif, said most of the rise was due to the inclusion for the first time of secret allocations for arms procurement that have hitherto been off-budget.

Bombs bring white rule to bloody end

Patti Waldmeir reports on the last-minute threat from the far right to South Africa's polling process

SOUTH AFRICAN ELECTIONS April 26-28

Car bombs in South African cities; explosions at polling stations; racist attacks on black commuters: it was all depressingly predictable. The white right always said it would disrupt the all-race elections which begin today, and they have done so, quite spectacularly.

Television footage of disembodied limbs littering the pavement of white areas such as Germiston, a dormitory town east of Johannesburg, will amply make the point that the far right considers this an illegitimate election.

They do not want blacks to vote and thereby end 350 years of white hegemony, and they will try to frighten as many blacks as possible away from the polls.

So reports of the demise of the right – which became the conventional wisdom after armed whites were routed from the black "homeland" Bophuthatswana last month – were premature. But no one knows, even after the events of the past two days, how serious is the right-wing threat, either in the short or the medium term.

The most immediate and concrete threat is to the voting itself: figures from the Pretoria-based Human Sciences Research Council show that large numbers of voters will not go to the polls if they expect violence: 19 per cent of whites and mixed-race "coloureds" and a startling 40 per cent of Indians say they will stay away if there is a perceived threat of injury. Ironically, blacks appear less likely to abstain because of violence: polls show only 12 per cent would stay away, probably because these voters are far more inured to violence in their daily lives than whites.

According to Professor Lawrence Schlemmer, the director of the HSRC, the effect on the election result could be "dramatic". He believes the right-wing bombings pose a far greater threat to the poll than violence between rival black groups, primarily the African National Congress and the Inkatha Freedom party. Fighting between those groups tends to be localised, and could prevent voting only in specific areas, whereas the white right wing is distributed throughout South Africa and could disrupt voting at many points. "The bombings will have a blanket effect on all the people who will have to cast their votes in cosmopolitan areas," he says.

Ironically, he notes, the party most likely to benefit would be the ANC, because its supporters, mainly blacks, are less likely to be frightened away from the polls. The biggest loser would be the National party, whose voters from the minority white, coloured and Indian groups are more timid.

Still, there is no question but that the poll will go ahead, and that the violent boycotters are too few to throw any doubt on the legitimacy of the election. Indeed, South African markets seemed to take the whole episode in their stride, rising despite the bomb deaths on the principle that right-wing violence was only to be expected, and was nowhere near the threat to long-term stability posed by, for example, the Inkatha election boycott narrowly averted last week.

Inkatha's decision to participate in elections largely put paid to nightmare situations of joint resistance by the white and black right, and no amount of bombs can change that. And even among the white right, the divisions are deep and damaging, undermining the white right's ability to pose a credible long-term threat.

For the bombers have found themselves increasingly isolated from the broad mass of South Africans, across the political spectrum, and this deprives them of a supportive political atmosphere in which to operate.

Since the decision last month by Gen Constand Viljoen, the right-wing leader of the Freedom Front, to participate in today's poll, the case for violent struggle has been much diminished.

Afrikaners now have an electoral outlet for their fears and a constitutional means of demonstrating their demand for a *volkstaat* or homeland – by voting for Gen Viljoen's Freedom Front. Votes for this party are also to be counted by district to gauge possible areas for a *volkstaat*.

Much will depend on the share of the vote gained by the Freedom Front in the next three days of voting: if Gen Viljoen can score the 700,000-odd votes which he expects, this will further undermine support for violence.

Still, no one really knows how many trained military men the white right could count on for further resistance. There are literally hundreds of lunatic cells of right-wingers throughout the country, and they have access to commercial explosives from the mines, where many are employed, and possibly to arms from state armouries (where sympathisers are employed) for further sabotage.

Among the various part-time, locally-based forces and reservists, which total up to 450,000 men, right-wing support is unclear.

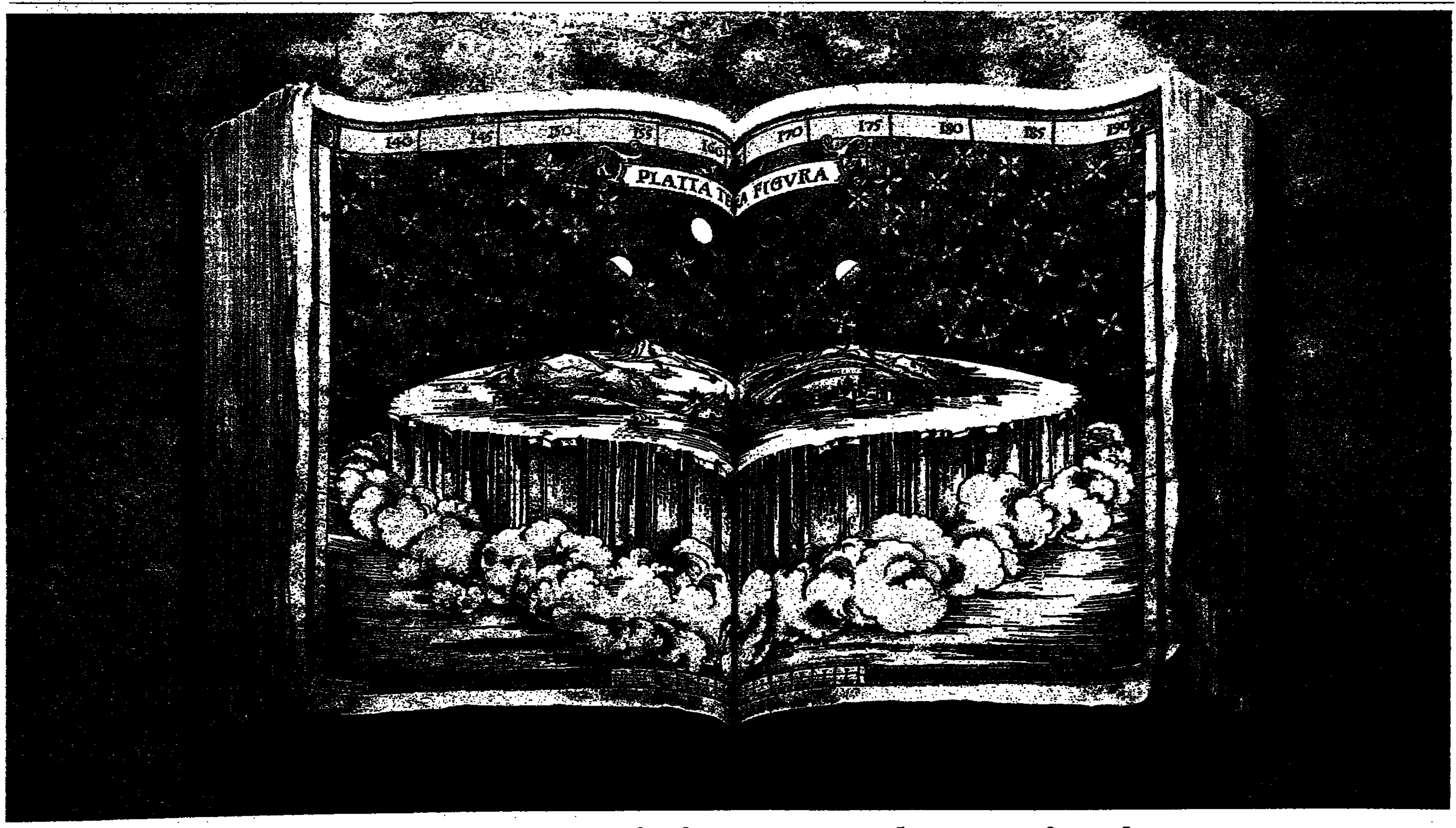
But the top ranks of the South African Defence Force remain committed to the new government, which can be expected to act far more harshly against the right than the present government. And there is no reason to believe that the counter-insurgency tactics of the SADF, which worked so well against Umkhonto we Sizwe, the ANC's military wing, would be any less effective against the white right.

And in any case, it takes more than a few vicious acts of terrorism – or even many vicious acts of terrorism – to make a civil war.

Without the participation in such acts of the black right, in the form of Inkatha, it is almost impossible to predict a conflict in which the integrity of the South African state is seriously affected, and many people die.

The real risk would be if Inkatha were also to reject the outcome of the election, and were to team up again with the right wing afterwards. That truly would be a scenario too ghastly to contemplate. With any luck, it will be avoided.

South African security forces and rescuers at the scene of yesterday's bombing of a black taxi rank in Germiston, east of Johannesburg, in which 10 people died Reuter



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NEWS: WORLD TRADE

Bonn export credit premiums changed

By Michael Lindemann in Bonn

Hermes, the German government's export credit insurance scheme, will introduce a new set of country risks, designed to make the programme more flexible and give German companies a better chance of competing with foreign companies paying lower premiums.

Countries will be classed in five new categories according to political risk starting July 1. Premiums in category one, which includes countries such as France or South Korea, will cost one-third of the present premium while double the present rate will be charged for exports to high-risk countries.

Hermes said it could not forecast how much business would fall into the different categories. However an official in Bonn said the insurance would become more expensive because most would fall under categories four and five since exports to less riskier countries rarely needed Hermes guarantees.

That spells trouble for many medium-sized companies which benefit most from the scheme and had campaigned to keep the premiums as cheap as possible.

However, pressure to price premiums more flexibly mounted after Hermes reported a 1993 deficit of DM5.1bn (£2.04bn). This worst ever shortfall was caused mainly by losses of DM4.5bn on business between east German companies and insolvent counterparts in the former Soviet Union. Credit guarantees to Russia have been limited to DM3.5bn this year in an attempt to stem the losses.

Under the Hermes programme German exporters can take out coverage against political and exchange rate risks as well as the risk of non-payment. Exports worth DM33.7bn were covered in 1993.

Germany was the last major exporter to operate a uniform pricing system for export insurance. This often meant that German companies doing business in relatively low-risk areas in Asia were paying much higher premiums than foreign competitors.

The uniform premium system was introduced in 1945 when, as one official put it, "we did not think it was very good to divide the world up into good and bad parts. However, 50 years after the second world war there is no reason to continue such practices."

An official at the Hamburg-based Hermes Kreditversicherungs-AG, the company which administers the credit guarantees, said discussions were under way to introduce a set of premiums which could be used by countries throughout the European Union.

N America bucks world trend with 7% growth this year

European drugs market sickly

By Paul Abrahams in Tokyo

The European drugs market, badly battered by healthcare reform in Germany during 1993, continued to perform poorly during the first two months of the year.

Cost-cutting measures in France, Italy, Spain and the UK led to a 1 per cent drop in pharmaceuticals sales during January and February compared with the same period in 1993. Sales in the top seven European markets reached $6.88bn.

Meanwhile the North American pharmacy market, which grew only 5 per cent during 1993, appears to be recovering. It posted sales growth of 7 per cent during the first two months to $8.063bn, according to IMS International, the London-based market research company. US sales were up 7 per cent at $7.49bn.

The Japanese market, excluding hospital sales, dropped 6 per cent during the first two months to $2.873bn. The market will fall still further this year following an average 6.6 per cent price cut implemented at the beginning of this month.

The top ten pharmaceuticals markets in the world registered growth of only 1 per cent to $17.8bn during the first two months in spite of relatively healthy growth in the US.

The collapse of the German market, Europe's largest, appears to be at an end, but sales have not yet recovered to pre-reform levels. Sales in Germany dropped 13 per cent during the first quarter last year. During the first two months this year they rose 7 per cent to $1.95bn.

The French market, Europe's second largest and until now one of the most robust, registered its first fall during the present wave of healthcare reform. Sales in January and February dropped 4 per cent from last year to $1.867bn. The decline followed the introduction of cost-cutting measures at the beginning of the year.

Sales in Italy continued to suffer from reforms introduced last year. The market dropped 16 per cent during the first two months to $1.17bn. The UK market, which expanded 11 per cent during 1993, increased only 8 per cent this year.

Sales in Spain were up 3 per cent at $601m, in the Netherlands up 4 per cent at $244m, and in Belgium up 1 per cent at $239m.

WORLD PHARMACY DRUG PURCHASES JANUARY-FEBRUARY 1994 (US$m)

	North America	Japan*	Germany	France	Italy	UK	Spain	Netherlands	Belgium
Cardiovascular	1,303	448	454	442	266	137	113	46	46
Alimentary/Metabolism	1,271	539	346	324	211	159	94	56	38
Cen Nervous System	1,304	145	214	215	105	111	68	30	38
Respiratory	884	383	130	228	175	62	88	15	29
Anti-infectives	900	222	215	162	80	121	72	33	25
Musculo-Skeletal	360	273	105	81	62	54	31	11	13
Blood/Organs	499	60	117	89	47	48	16	15	11
Others	1,542	803	373	326	225	120	119	38	39
Total	8,063	2,873	1,954	1,867	1,171	812	601	244	239
% Change**	7	-6	7	-4	-16	8	3	4	1

Source: IMS International *Non-hospital market only **Increase excluding currencies

Sutherland to step down next year

By Frances Williams in Geneva

Mr Peter Sutherland, director-general of the General Agreement on Tariffs and Trade, confirmed yesterday he would not be a candidate to head the new World Trade Organisation due to succeed Gatt next year.

The announcement, in a statement issued from Gatt headquarters in Geneva, came as no surprise.

Mr Sutherland, a former Irish attorney-general and EU competition commissioner, was pressed to take the Gatt job last year to see the Uruguay Round of trade talks to a successful conclusion. But, that mission achieved, he has made clear for some time that he wished to rejoin his family in Dublin.

Mr Sutherland, who was 48 yesterday, has been mentioned as a possible successor to Mr Jacques Delors who steps down from the presidency of the European Commission at the end of the year. However, the Gatt chief has consistently denied any interest in the post. Before going to Geneva, Mr Sutherland was chairman of Allied Irish Banks, Ireland's biggest bank, and held a range of company directorships.

Trade officials have already begun to speculate on Mr Sutherland's successor. The job has up to now been monopolised by Europe – Gatt's three previous director-generals were British and Swiss. However, Mr Sutherland faced energetic competition from three Latin American candidates last year and Mr Jaime Serra Puche, Mexico's trade minister, is one name already doing the rounds.

Developing countries, which comprise three-quarters of Gatt's 123 members, believe they have a strong claim to the WTO's top job. The IMF and the World Bank are run by a European and an American respectively, they point out. However, Japan too is under-represented in Gatt and could well field a candidate this time.

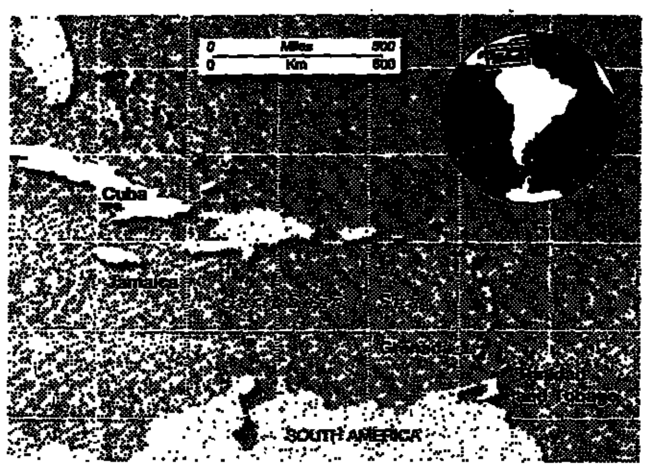
Caribbean energy sell-off generates foreign interest

Canute James reviews various governments' efforts to divest state electricity interests

Two US companies have agreed to purchase a 49 per cent stake in Trinidad and Tobago's state-owned power company for $112m (£76.7m). It is the largest transaction in the efforts of several Caribbean governments to sell their electricity companies, once considered the preserve of the state.

Southern Electric International of Atlanta, Georgia and Amoco Business Development, a subsidiary of the Chicago oil company, are concluding the details of one of the larger privatisations in the region. The new investors will be responsible for operating and maintaining the generating facilities which provide electricity for the country of 1.2m people.

The Trinidad and Tobago Electricity Commission has installed capacity of 1,178MW and generates just over 600MW, which is adequate for existing demand. There was, however, a growing need for additional generating capacity to be installed by 1996 if reliable power supply was to be guaranteed, said Mr Barry Barnes, Trinidad and Tobago's energy minister. To meet this schedule, the Trinidad company needs $90m-$125m, which it is unable to raise.



Many other governments in the Caribbean are shedding their public power companies, anxious that they will become millstones, weighing heavily on already weak budgets. Most public energy companies are getting out of the business of generating, and some are becoming regulatory bodies overseeing the private companies which are taking over.

The expansion and diversification of Caribbean economies over the past decade has left many state-owned power companies unable to keep up with demand, and without the resources to provide energy reliably and at acceptable rates. Frequent increases in the cost of power has reduced industrial competitiveness, while financially pressed governments have not been able to raise funds for expansion.

Governments, under pressure to be fiscally prudent, have been unable to continue financing the deficits of the power companies and along with other state enterprises they have been offered for divestment.

Indicative of the plans for the region's state-owned power companies is the plan by the Dominican Republic to restructure the Compañía Dominicana de Electricidad and sell parts of it to private foreign and local companies. The company has been unable to meet the national demand for electricity of about 1550MW. The CDE's rated capacity is 1350MW, but output has fallen to as low as 540MW in recent years, and is now at just over 950MW, mainly because several plants have fallen into disrepair.

Proposals for restructuring the country's electricity system involve splitting the CDE into three sections, responsible for generation, transmission and distribution. Transmission facilities will remain under government ownership, while power plants and distribution networks will be sold.

Rates will be determined by the market, with generators selling to distributors while paying a fee to the government for using the transmission facilities. The changes will coincide with the inauguration of an expansion in installed capacity which should exceed demand and end shortages caused by plant breakdowns.

All new generating capacity in Jamaica will be constructed and operated by private foreign and local companies as the first part of the government's move to divest and deregulate the Jamaica Public Service Company. The first of this is a 60MW plant under construction by US and local investors, and which is to be commissioned by 1996.

It is part of a $160m programme by the World Bank and the InterAmerican Development Bank to expand power generation and promote local and foreign private investment in the power industry.

The Grenada government is negotiating with WRB Enterprises of Florida which wants to buy a half of the island's state-owned power company. The Guyana Electricity Corporation is listed among several companies which the government wants to divest. There is, however, increasing interest in tapping the country's significant hydro power potential. The government is considering the construction and operation by foreign companies of a 100MW station at a cost of about $250m.

The need to find foreign private participants in power generation has also affected Cuba. Despite the suspension of work on a nuclear power plant in Jaragua on the south coast, the government is carrying out basic maintenance of the facility while advising that it would welcome a foreign government or company as a partner to finish and then operate the facility. The plant, with a rated capacity of 430MW, requires about 42 tonnes of enriched uranium as its initial load and a further 14 tonnes a year.

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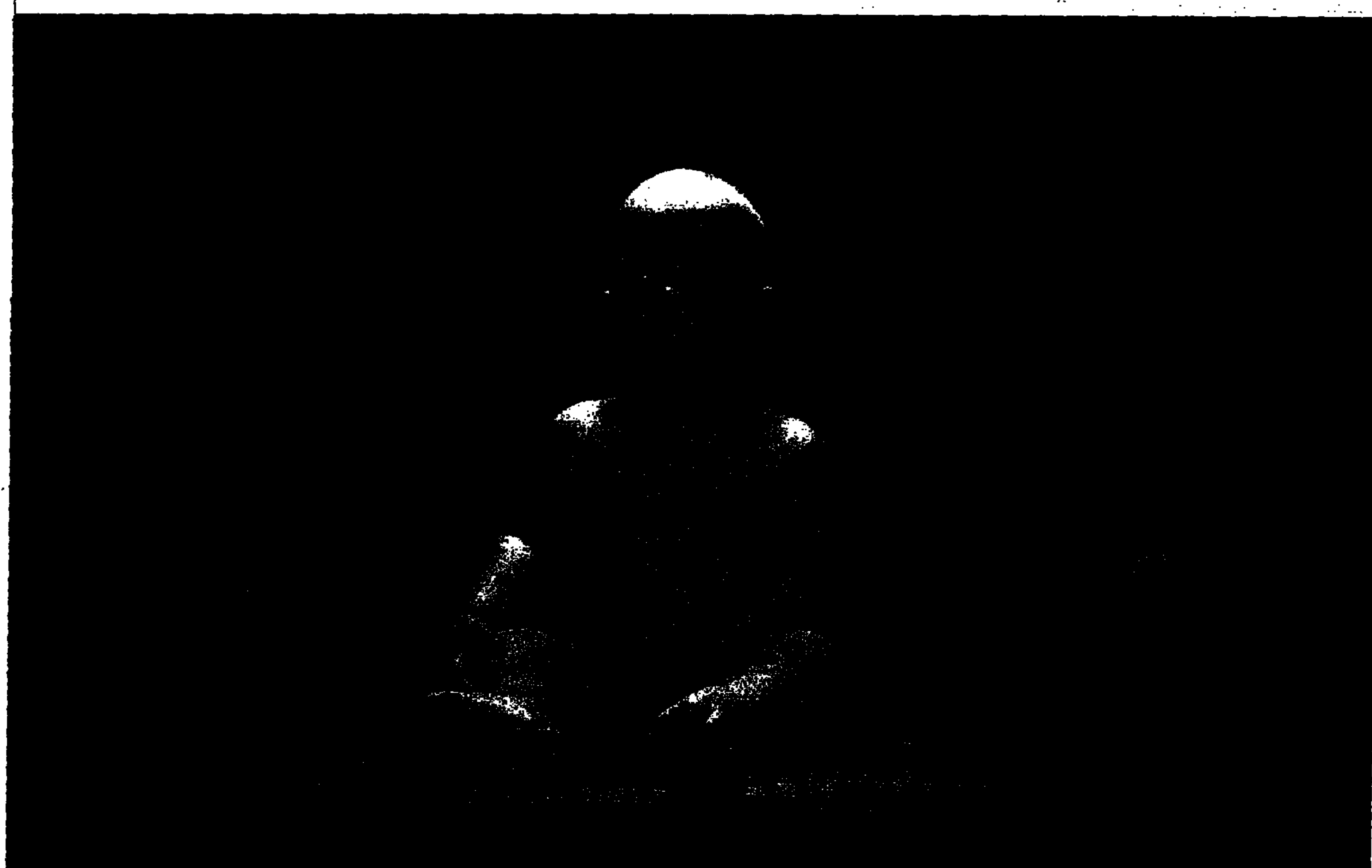

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Finance chiefs agree to step up liaison on market innovation

By Peter Norman in Washington

Finance ministers from 11 large industrial nations yesterday agreed to increase international co-operation in the gathering of information about innovative segments of the financial markets. The move follows recent turbulence on international bond markets.

A communiqué issued after a meeting of finance ministers and central bank governors of the Group of 10 said they agreed on the need to improve knowledge about financial innovation and co-operate in gathering relevant statistics and assessing their implications for the global financial system.

The statement did not specify the areas of G10 concern. But the communiqué was issued in response to an oral report by Mr Lamberto Dini, a senior Bank of Italy official and chairman of the G10 deputies, on such developments as the growth of derivatives trading and the actions of highly leveraged hedge funds.

The G10, which in fact consists of the Group of Seven leading industrialised countries plus Switzerland, Sweden, Belgium and the Netherlands, reviewed the recent turbulence and increase in yields on world bond markets and agreed that no systemic problems had emerged.

It said the financial markets had functioned well, coping with an increased volume of transactions without creating tensions in payment or settlements systems.

But these soothing words could not conceal disquiet about the sharp increases in bond yields. Although Sunday's G7 meeting recognised there were economic reasons for this year's rise in long-term interest rates, several ministers, including Mr Lloyd Bentsen, US Treasury secretary, have suggested that innovative financial practices have exacerbated market turbulence.

A widely voiced opinion at both the G7 and G10 meetings was that the rise in long-term rates had been overdone.

US concern about derivatives has mounted in recent days with disclosures that some leading US corporations have incurred losses from investing in such instruments. Last week Mr Eugene Ludwig, US Comptroller of the Currency, disclosed that his agency was investigating whether it should take further regulatory action over the use by chartered banks of "exotic and complex derivatives instruments".

Yesterday's G10 communiqué noted that work to gain a better understanding of financial innovations was already underway in several groups. These include the Basle-based Bank for International Settlements and the Group of 30, a Washington think-tank.

While pressure in the US is mounting for greater control over derivatives, the UK remains sceptical of such action because of the importance of financial innovation to the prosperity of the City of London. After the G7 meeting, Mr Eddie George, Bank of England governor, said UK banks had controlled risks associated with new financial instruments.

Clarke warns of too much green concern

By Peter Norman

Mr Kenneth Clarke, the British chancellor of the exchequer, warned yesterday that concern about the environment and social issues could be exploited as a cloak for restricting trade.

Speaking to the policy-making interim committee of the International Monetary Fund, Mr Clarke said that the new World Trade Organisation, which has been set up after the successful conclusion of the Uruguay Round of trade liberalisation talks, would need to confront the dangers of protectionism.

In particular, the programme of work of the World Trade Organisation's trade and environment committee would have to be "rigorously defined and scrupulously followed," Mr Clarke said.

"It would be all too easy, for example, for protectionist trading practices to establish themselves under the cloak of legitimate environmental concerns," he added.

Furthering national interests by banning imports of goods which had been produced by processes deemed to be environmentally harmful was "no better than covert protectionism," the chancellor said.

Mr Clarke also called on countries to resist pressure to use the WTO to enforce minimum labour standards in member states. The chancellor argued that differences in labour costs and practices were an integral part of a country's competitive advantage – or lack of it.

"Forcing developing countries to adopt higher standards, in the name of fairness, will not make them richer. It will deny them the ability and the right to develop, making them poorer still," Mr Clarke said.

US Congress seeks IMF transparency as condition of aid for poorest states

By George Graham in Washington

The US Congress may demand much greater transparency from the International Monetary Fund as a condition for approving the $100m (£67m) US contribution to the Enhanced Structural Adjustment Facility, which lends to the poorest developing countries.

Congressman Barney Frank, who chairs the US House of Representatives sub-committee which will put together a bill to authorise the ESAF contribution, plans to require much the same level of public disclosure from the IMF as he did of the World Bank last year.

Mr Frank's pressure last year, when the US administration was seeking congressional approval for the US contribution to a similar World Bank loan fund, played a role in prodding the World Bank to promise to publish a wide range of documents, and to set up an independent inspection panel which would review complaints.

Public disclosure of internal documents has infuriated some long-serving bank officials, who complain that it compromises their negotiations with borrowers and with contractors.

Such disclosure is likely to face even stiffer opposition at the IMF, where many member countries baulk at the possible disclosure of their internal, macro-economic projections.

That is, however, precisely why IMF critics insist that greater transparency is needed.

"If governments are afraid or unwilling to explain these policies to their own people, how can they build and sustain public support? Transparency and openness is necessary for building political consensus," said Mr Nguyuru Lipumba, a former adviser to the government of Tanzania.

Mr Jeffrey Sachs, a professor at Harvard University in the US and an outspoken critic of the IMF's performance in Russia, argued that greater transparency would improve the Fund's own economic policy recommendations, and would greatly improve political accountability in countries seeking to borrow from the IMF.

"We should be pushing, indeed requiring, countries that want to draw on IMF funds to be more open about their policies to their own citizens," he said.

Mr Jeffrey Shafer, assistant secretary for international affairs at the US Treasury, said that the US administration backed greater transparency at the international financial institutions, but he warned that the cause had attracted little support from other countries. Indeed, the US was defeated by a vote of 22 to two when it recently asked the IMF to publish its annual country reviews.

IMF officials are openly irritated by the difficulty of extracting even the smallest financial contribution from their largest member – the US – without a protracted congressional debate. They are particularly irked in the case of the ESAF, since the $100m US contribution to the $3bn ESAF subsidy account is so small and was so grudgingly given.

The ESAF lends money at subsidised interest rates to help the poorest developing countries overhaul their economies.

Even Mr Shafer acknowledged last week that the amount was "a meagre share for the largest economy in the world".

Nevertheless, the IMF cannot simply fail to accept the US contribution, because many other donors made their own contributions conditional on the US coming up with a share.

Market 'crash' in view unless rules reformed

By Patrick Harverson in New York

Dr Henry Kaufman, an influential US market economist, warned yesterday that structural changes in the global financial system have left world stock and bond markets vulnerable to a crash in prices. Without reform of international financial regulation, that crash "will dwarf what we have experienced so far this year".

He told a global banking conference in New York that recent dramatic movements in bond and stock prices were a prelude to much greater volatility because structural changes in financial markets had made them more susceptible to sharp swings in prices.

Those changes included:

- The expanding role of households, mostly via mutual funds, as investors in the markets and providers of capital to borrowers. A sudden collapse of confidence in mutual funds could precipitate a market crash, with severe consequences for the economy.
- The growth of complex trading strategies and financial instruments such as derivatives.
- The increasing presence in financial markets of unregulated "high octane" portfolio managers with very near-term financial goals and no special loyalty to any one national market. He estimates these managers of hedge and other similar high-risk funds control as much as $500bn (£336bn) in capital.
- The increasing importance of non-bank financial institutions as suppliers of credit, which means future restraint on credit creation will come from variations in asset prices rather than traditional squeezes on credit supply by banks and traditional lenders.

As a result of these changes, Dr Kaufman believes, the world has "moved into a more hazardous environment in which new financial excesses are practically unavoidable".

A complete overhaul of the supervision of markets and institutions was required to contain future volatility, he said.

Dr Kaufman also recommended that, in order to prevent a sudden sell-off of mutual fund shares sparking a massive collapse in financial markets, investors should be forced to give 60-90 days' notice before redeeming shares of bond and stock funds.

Clinton attempts to inject urgency into health reform committees

By George Graham

President Bill Clinton has urged congressional leaders to complete the committee stages of drafting a healthcare reform bill by May 27, when Congress goes into recess.

"The president asked me if we could get a bill out by Memorial Day. We'll try," said Senator Pat Moynihan, chairman of the Senate finance committee.

But committee chairmen have found it difficult crafting a bill that will secure a majority in their own committees, let alone in a full vote of the 100-member Senate or the 435-seat House of Representatives.

Congressman John Dingell, whose energy and commerce committee is one of three principal House panels with jurisdiction over the healthcare reform, has sought to win over more votes by proposing to exclude businesses with fewer than 10 employees from the mandate to provide health insurance for workers.

The proposal has so far failed to persuade Congressman Jim Slattery, a moderate Democrat from Kansas who is regarded as a crucial swing vote on the committee. Nevertheless, Mr Dingell hopes to start the final mark-up of a bill as early as this week.

'I think Mr Rostenkowski is trying to achieve our common objectives'

The House education and labour committee is still engaged at the sub-committee level on a draft similar to the original Clinton version, while the ways and means committee, which has jurisdiction over tax aspects, is not expected to begin a full committee mark-up for another few weeks.

Congressman Dan Rostenkowski, ways and means committee chairman, provoked a furore last week when he suggested some form of broadly based tax increase, possibly through income tax, would be needed to finance healthcare reform – at least in its early years.

While a large majority of Congress has now signed on to the general aim of providing universally guaranteed health coverage, such an extension of healthcare will cost the government money, whether to pay for insurance for those who do not now have it or to subsidise the costs of small businesses.

Mr Clinton said he was unperturbed by Mr Rostenkowski's proposal. "I think Mr Rostenkowski is trying to achieve our common objectives, which he defined as universal coverage, cost control and 218 votes," the president said.

Some Republican leaders, meanwhile, have sought to shackle the health reform bill by taking away one of the main sources of funds already agreed on – a higher tax on cigarettes – to pay for lost revenues attributable to tariff reductions agreed in the Uruguay Round of trade liberalisation talks, which under US budget rules must be offset.

Venezuela accord on lower rates

By Joseph Mann in Caracas

The Venezuelan government and the heads of the country's leading commercial banks have reached an agreement aimed at progressively lowering interest rates charged for commercial loans.

Mr Gustavo Roosen, presidential commissioner for reform of the financial system, unveiled the deal late on Sunday, after marathon meetings of cabinet members, the central bank president and the heads of several of Venezuela's largest commercial banks.

The agreement, some details of which have still to be worked out, calls for banks to lower interest rates on loans for "the productive sector" every two weeks.

The spread between rates paid by commercial banks on deposits and charged for loans to business is high, sometimes 20 per cent, and the government is seeking to push down rates for loans as part of its economic stabilisation programme. For example, typical rates for a 90-day deposit at mid-month was an annualised 41 per cent in the commercial banking system, while the rate for a commercial loan was close to 60 per cent.

Inflation in Venezuela last year was 46 per cent, and projections for 1994 range from the government's optimistic estimate of 30 per cent to as high as 60 per cent.

The government of President Rafael Caldera, which began a five-year term on February 2, believes that the move to push down interest rates is logical now that it has announced a series of measures, such as budget cuts and new taxes, aimed at reducing its fiscal deficit and lowering inflationary expectations.

Mr Roosen, who was appointed as special commissioner last week by President Caldera, also said that he would soon announce a plan to reform and rehabilitate Venezuela's financial sector, which was thrown into crisis after the failure in January of Banco Latino, the country's second-largest bank.

He added that the executive branch was holding talks with the central bank in an effort to lower interest rates in Venezuela's money market, perhaps by replacing with other instruments the high-yielding zero-coupon bonds now issued by the bank to absorb excess liquidity.

The government would also reorganise the Superintendency of Banks and the Bank Deposit Guarantee Fund (Fogade), Mr Roosen said.

US oil import fee unlikely this year

By Robert Corzine

The US government says it is unlikely that an oil import fee will be included in any measures to help the domestic petrol industry deal with weak oil prices this year.

Mrs Hazel O'Leary, energy secretary, told the Financial Times that the fee, which some members of Congress say is needed to prevent cheaper imports from displacing some high-cost domestic production, is not "do-able this year".

But she didn't want to crush the enthusiasm of those advocating such a policy, and the idea would be assessed along with other proposals to help the US industry.

The administration is considering the energy department's proposed natural gas and oil initiative, which would help keep marginal wells in production. A final decision on the initiative is due on May 7.

Various congressional proposals, including one which would reduce the royalty rate on domestic petroleum production, are also being considered. Mrs O'Leary said the criteria for all proposals are "what does it cost, what are the benefits in terms of more production and reserves, and how can we offset it", so that it did not affect budget deficit reduction targets.

A separate assessment was being made of the merits of offering special help to high-risk oil exploration projects in the deep water of the Gulf of Mexico.

The assessment should be completed next month. She said "taxpayers should not subsidise" projects that could be profitably undertaken by oil companies. However she favoured a flexible approach that would help projects in frontier areas which might otherwise not be developed.

VICTORY RIDE: Supporters of the Arena party celebrate in the streets of San Salvador after their candidate won the Salvadorean presidency — Picture: AP

Argentine rescue for tax defaulters

By John Barham in Buenos Aires

Argentina has announced a rescue package for companies threatened with bankruptcy by large government demands for unpaid taxes.

Mr Domingo Cavallo, economy minister, said private companies facing collapse would be able to use company shares to pay off back taxes and social security contributions. The government, co-operating with private sector creditors, would then sell such shares on the stock exchange within a year.

Mr Miguel Crotto, one of the government officials designing the system, said yesterday: "This is totally voluntary. One of the conditions is that the owners will have to sell at least 51 per cent of the company and lose management control."

He estimated that no more than 50 companies, each with average liabilities equivalent to $30m, could apply.

Mr Cavallo said the rescue scheme was temporary and would be revoked once new bankruptcy laws had come into force. He said the present bankruptcy laws caused companies to cease trading, rather than allowed them to continue operating under new ownership.

Officials say the new bankruptcy code is still on the drawing board.

Mr Crotto rejected criticisms that the scheme was similar to previous governments' bailouts which were scrapped after abuse by companies. He recognised that the scheme would not allow government and private creditors to recover a company's debts fully, but added: "Without this, they would get nothing."

Calderón wins El Salvador run-off

President-elect reaffirms his commitment to liberalisation, writes Edward Orlebar

Mr Armando Calderón Sol, the candidate of the governing right-wing Arena party in El Salvador, won a sweeping victory in a run-off presidential election on Sunday.

Mr Calderón secured almost 70 per cent of the vote, more than double the support for his rival, Mr Rubén Zamora, heading a centre-left alliance mainly of former guerrillas of the Farabundo Martí National Liberation Front (FMLN).

The election was the first since a peace pact by the Salvadorean government and the FMLN in January 1992, which ended 12 years of civil war.

The Arena victory had been widely expected after Mr Calderón had narrowly failed to secure an outright majority in the first round of the election on March 20. However, that round was flawed by allegations of irregularities. Officials expressed concern that this could damage hopes of a smooth administrative transition.

The president-elect, who will take office on June 1, said he would continue the economic programme and liberalisation of the incumbent, President Alfredo Cristiani, and reaffirmed his commitment to the UN-brokered peace agreement.

Mr Calderón offered conciliatory words for a country polarised by the war in which 75,000 people died: "We are going to govern for all Salvadoreans," he said. "Our task and great mission will be to consolidate peace, political stability and the ability to govern the country."

The 46-year-old lawyer, who has served one term in Congress and two as a popular mayor of San Salvador, is not easily identified with any wing of his party. Mr Calderón remains something of an unknown quantity and his advisers maintained a protective cordon around him during the campaign. Aides manoeuvred him out of debates with other presidential candidates for fear that he would make a fool of himself, particularly against the intellectually able and politically astute Mr Zamora.

As a founder of Arena in 1981 and a close associate of the late Roberto D'Aubuisson, the party's venerated former leader and a notorious sponsor of right-wing death squads,

Mr Calderón has been linked to the ultra-conservative wing of the party. Observers say, though, that Mr Calderón has shifted more recently to a more moderate view, in tune with the present political climate.

He used to be a firm opponent of peace negotiations with the guerrillas but he jumped onto the peace bandwagon once an agreement appeared inevitable.

Arena, as an authoritarian right-wing party, is now under challenge to make good its commitment to democracy as it faces a legal left-wing opposition, according to Mr Roberto Turcos, editor of Tendencias, a Salvadorean political monthly.

The president-elect's opponents accuse him of being an intellectual light-weight with no firm view of how best to oversee the delicate transition from war to peace. "We are facing a decisive period, with a president who lacks leadership," says Mr Hector Dada, a Salvadorean political analyst.

Opponents of the government contend that agreements on land transfers to former combatants, the deployment of a civilian police force, and judicial reform have fallen seriously behind schedule because of the government has dragged its feet.

For the FMLN, which papered over deep divisions in order to project a united front for the elections, its future carries the challenge of offering constructive opposition. Mr Salvador Samayoa, a senior FMLN official, says the party is undergoing a "reformulation of policies", and maintains it will not split. He expressed optimism that the ex-guerrillas would be a dynamic opposition to Arena in Congress.

Correction

IIC figures

Due to an editing error, an article on Latin American infrastructure finance, on this page on April 13, incorrectly stated that the Inter-American Investment Corporation suffered loan losses in the 1960s. The corporation was not created until 1989. It has asked us to point out that it has suffered no loan losses to date.

International consortia formed to bid for £2.7bn project ● Two leading German groups qualify

Nine groups in running for Channel link

By Jenny Luesby

A last-minute scramble for alliances yesterday saw nine groups of companies meet a Department of Transport deadline to qualify as bidders to build the £2.7bn high-speed rail link from London to the Channel tunnel.

Intense negotiations saw the membership of some leading consortia shifting right up until yesterday's noon deadline, with some companies unexpectedly falling out of the running.

However, the two leading German contenders both qualified, with Hochtief coming forward as the leader of a group made up of Costain of the UK, Japan's Nishimatsu Construction, Germany's Siemens and Siemens Transport Systems division, and Westinghouse Signals, owned by Austalia's BTR Nylex industrial group. Hambros Bank is the group's financial adviser.

Another large German group, Philipp Holzmann, qualified as a member of a group calling itself Union Link, along with John Mowlem, Taylor Woodrow and consultants WS Atkins of the UK, and Transurb Consult, a railway system partly owned by the Belgian state railway.

The contract to build and run the the 68-mile link, from London's St Pancras station, will combine private and public sector finance, under the government's Private Finance Initiative and is expected to take seven years to complete. The link will be capable of carrying at least six trains an hour each way, at speeds of up to 140mph.

The government will draw up a shortlist of around four bidders by June and appoint a contractor early next year. It aims to put in place legislation authorising the project in 1996, meaning that the high-speed link could open in 2002.

The strongest UK-based contender for the contract is believed to be the Eurorail consortium, made up of six equal shareholders – Trafalgar House, BICC, General Electric, HSBC Holdings, National Westminster Bank and London Electricity.

Another group to qualify yesterday was London and Continental Railways, made up of Ove Arup, Halcrow, Blue Circle and National Express, all of the UK, as well as Bechtel of the US, French consultants Sofrerail and Warburg.

It is thought that the contract will be awarded to the group that bids for the minimum level of government finance.

The Department of Transport yesterday indicated that the public sector contribution was expected to cover the £800m assets of the European Passenger Service, which will run trains between London, Paris and Brussels from this summer. These include the Waterloo terminal and Eurostar rolling stock. The rail-link contractor is also expected to have the right to EPS revenue.

In addition, the government is likely to provide land for development at Kings Cross and there could be a cash contribution. The government has offered to cover a third of the bid costs, up to £1.5m, of failed bidders.

GDP reclaims pre-recession peak of 1990

By Philip Coggan and Peter Norman

The UK economy passed another milestone on the recovery trail in the first quarter of 1994, with gross domestic product finally reclaiming the post-recessionary peak.

The Central Statistical Office said yesterday that first quarter GDP, at constant factor cost, was 0.7 per cent higher than in the fourth quarter of last year, and 2.6 per cent above its level in the first quarter of 1993.

The rise keeps the economy well on target for the government's forecast of 2.5 per cent growth for the full year.

The figures, which were in line with expectations, were seen by analysts as evidence that the government would see no need to cut interest rates in the near term. "I think there is no chance of a move until after the European elections" said Mr Ian Shepherdson, UK economist at Midland Global Markets.

However, some analysts expect the tax increases, which took effect from this month, to slow the pace of recovery during the rest of the year. Ms Ruth Lea of Lehman Brothers is forecasting 2¼ per cent growth for the whole of 1994.

Mr Kenneth Clarke, the chancellor, said in Washington yesterday that his ambition was to deliver a recovery with low inflation that lasts. However, he admitted that it would take some time for economic improvements to be appreciated by "the ordinary Joe in the street."

Mr Clarke also said that the lower-than-expected public sector borrowing requirement, announced last week, would not lead the government to be soft on public spending or to make rapid tax cuts.

Other statistics published yesterday showed that the visible trade deficit with non-European Union countries widened slightly to £675m in March, from £640m in February. For the first quarter as a whole, the deficit was £2.12bn, compared with £1.77bn in the fourth quarter of 1993.

British exports to Malaysia rose slightly in March, despite the anti-British trade policy announced by the Malaysian government on February 24.

The Central Statistical Office said yesterday exports to Malaysia were £105m in March, compared with £78m in January and £102m in February.

Excluding oil and erratic items the deficit widened to £702m from £683m in February. The main reason for the widening of the deficit in March was a decline in exports of semi-manufactured goods.

Further oil and gas exploration rounds, which will take in new frontier areas as well as the North Sea, were announced by the government as official figures showed a continuing surge in UK hydrocarbon output.

The 15th round of offshore licensing will include all available unlicensed acreage in the southern basin and the central north sea, where gas is predominant.

The round would be "fast track", according to the government, to encourage rapid exploration. Applications should be in by July 26. Nominations are sought for blocks companies would like to see offered in the 16th round, which will cover coastal areas of Britain and the north of Scotland, including west of Shetland, where BP has made a promising discovery.

Meanwhile the government's "Brown Book" says recoverable reserves continue to rise at a faster rate than consumption. Oil production last year rose 6 per cent to 2.13m barrels a day. Gas output was up 17 per cent to 2.31 trillion cubic feet.

Northern Ireland secretary Sir Patrick Mayhew and Dick Spring, the Irish foreign minister, after yesterday's meeting of the Anglo-Irish intergovernmental conference in Belfast. They debated the security situation in the wake of recent killings and considered a report on prospects for progress based on the framework envisaged by the 'three-stranded' approach which was abandoned in November 1992. It is not expected, however, that progress will be made before June's European elections Picture: Reuter

Massey tractor plant sale nears

By Paul Cheeseright and Andrew Baxter

Employees at the Massey Ferguson plant in Coventry were facing the prospect of working for new owners yesterday after Varity, US parent, confirmed it was in "the latter stage of negotiations" to sell the tractor maker to Atlanta-based Agco.

The short statement from the two US companies gave no further details, but a purchase by Agco for about $330m could be announced in the next few days.

The first indications were that any change in the ownership of the tractor company would have little immediate effect. "If there is a closure – not that we're expecting it – it's not got the same kind of knock-on importance that Rover and Jaguar would have," said Mr David Morris, Peugeot Dean of Coventry Business School.

His research suggests that the Massey Ferguson plant in Coventry has about 240 suppliers of components. "The supply chain is international. Relatively little is bought from the West Midlands and what is bought tends to be the more basic components."

Although the tentacles of Massey Ferguson do not stretch out through the Midlands like those of Rover, the BMW-owned carmaker, which buys extensively in the UK, the Banner Lane plant is part of Midlands automotive lore.

It used to be the works of the old Standard Motor Company. Tractors have been produced there since 1946 – first by Harry Ferguson, then by Massey Ferguson after Harry was bought out by Massey-Harris, and latterly under the control of Varity.

In the past, Massey Ferguson has claimed the Banner Lane plant was the largest tractor factory in the western world. The payroll has declined as Massey Ferguson has modernised and slimmed, but Banner Lane still employs 1700, which makes it the tenth largest employer in Coventry and the sixth largest manufacturing employer.

Over 80 per cent of the Coventry output, probably worth around £250m, is exported, making Massey Ferguson, with its plant at Beauvais in France included, the world's largest tractor exporter. On the UK market, where it is the second largest supplier, Massey Ferguson vies with, first, Ford, and then Case and Deere.

The possible sale of Massey comes as UK tractor sales hit their highest levels since 1989. Massey said in November that, after four years of adjusting to declining demand, production levels at Coventry had been raised to meet a 45 per cent increase in sales.

At the end of last year, against the general trend, Massey Ferguson was hiring staff on fixed contracts to cope with the increase in demand. Production of fully built up tractors was 17,000 in 1993 compared with 14,000 in 1992.

If a sale goes through, Agco will take over a business which, since 1988, when a fresh management team under Mr Aaron Jones was installed, has been re-modelled and turned back into profit.

Varity said in March that higher UK sales were the main reason for an improvement in Massey's 1993 European market share. Overall, Massey had operating income of $8m in the year to January 31, down from $10m a year earlier, on virtually unchanged sales of $898m.

Britain in brief

BCCI case to start at Old Bailey

The trial of Mr Imran Imam, a former senior official with the collapsed Bank of Credit and Commerce International, is due to start today at the Central Criminal Courts, Old Bailey, London.

Mr Imam is charged with six offences including two of conspiring to conceal documents, three of furnishing false information and one of conspiring to falsify records. He denies all the charges.

His prosecution is the last of four to be brought by the Serious Fraud Office following its investigation into the collapsed bank. The jury for the trial was selected yesterday and will be sworn in today. The trial is expected to last between two and three months.

The BCCI trial of Mr Nazmu Virani, the former head of Control Securities, the property and leisure group, is now drawing to a close. The judge is expected to send the jury out to consider its verdict on Wednesday.

The prosecution alleges Mr Virani helped BCCI carry out its fraud by signing false audit confirmation returns which enabled the bank to overstate its profits by about £20m. Mr Virani, who did not give evidence in his defence, denies 11 counts of furnishing false information, one of theft and one of false accounting.

Line managers 'ill equipped'

Line managers in UK companies are performing personnel roles for which they are ill-equipped, the Institute of Manpower Studies said.

An IMS report based on case studies in five leading UK employers said there was widespread tension between line managers and professional personnel officers. The criticism reflects the resentment between middle managers and personnel officers in many companies.

Amec wins N Sea order

Amec Process and Energy has won a contract worth nearly £22m to build a 3,000 tonne bridge module for the Tyra West field in the North Sea, the company announced.

The contract, awarded by Maersk Oil og Gas A/S, is the first Danish order won by Amec's large fabrication yard on the Tyne. Work on the module, due for completion and load out in late 1995, begins immediately.

BA staff to ballot

Trade unions will begin balloting administration and clerical staff at British Airways over industrial action short of a strike. Unions, including the TGWU, are protesting over a number of issues including changes in employment terms and conditions.

Negative equity 'to fall'

Continuing sharp falls in the number of households whose mortgage debts are higher than the value of their homes mean that the negative equity trap should virtually disappear over the next couple of years, according to one of the UK's largest building societies - the Woolwich

BBC to combat capital bias

The BBC is to embark on the largest ever transfer of programming outside London. By 1997 the BBC hopes to have increased the amount of network television and radio programmes produced outside London from one fifth to one third – which will increase programme spending in the regions by £75m a year at the end of the process.

UT sales reach £1.37bn

Unit trust sales reached a new record in March, with net sales of £1.37 billion. This is more than £200m above the best previous month – September 1987, when net sales were £1.16 billion.

Warning on coal sell-off

The government will have to underwrite British Coal's past liabilities if it hopes to achieve a successful sale of its assets, according to lawyers representing a group of potential bidders.

In a letter to Rothschilds, who are advising the on the sale, the bidders say that they would be unable to obtain insurance against environmental problems or claims for past injuries and industrial diseases.

The lawyers describe the liabilities as a potential "black hole". They go on: "We believe the risks may not be quantifiable, and we are concerned as to whether insurance companies will have access to adequate data on which to formulate a reasonable proposal for covering these liabilities."

The companies in the group include Coal Investments, headed by Mr Malcolm Edwards, the former commercial director of British Coal, R.J. Budge, Northern Strip Mines, and other open cast operators.

MPs warn of decline in R&D spending

By Clive Cookson, Science Editor

The British government should reconsider its long-standing opposition to tax incentives for research and development, MPs on the Commons Science and Technology Committee said yesterday.

The all-party committee called for a "determined and sustained effort" to reverse the "disturbing decline" in Britain's R&D spending compared to the country's international competitors.

The decline caused particular concern to the MPs because of recent evidence "which suggests that there is a significant payback to the economy as a whole from increased levels of investment in innovation."

In last year's white paper on science and technology, the government had rejected calls for R&D tax incentives – partly on the basis of studies carried out in the 1980s which showed that such incentives were an inefficient way of stimulating innovation. But the committee identified a range of "impressive" new international studies which came to the opposite conclusion.

"We believe the time has come for a major re-examination of the case for fiscal incentives for investment in R&D, both at personal and at company level," the committee's report says.

"Such a review should be conducted openly and its conclusions should be considered by experts outside the Treasury."

Government criticised on use of outside consultants

By John Willman, Public Policy Editor

The UK government is spending over £500m a year on hiring outside consultants with little effort to track expenditure or assess value for money, according to an unpublished government report.

The document, from the Cabinet Office efficiency unit, says that departments and agencies can identify just £10m of savings a year from external consultancy, less than 2 per cent of current expenditure.

The £78m spent on using public employees for internal consultancy work, however, yielded identifiable savings of £18m, 23 per cent of the cost.

The report says that there is little evidence of clear policies, strategies or plans for the use of consultants. Too often, they are involved in significant projects because there is a feeling that some ministers will not be persuaded by advice from government employees alone.

"There needs to be a report from consultants, preferably one of the large consultancy firms, to give the proposals credibility," the report says.

The decision to commission consultants is sometimes taken at junior levels. Little attempt is made to find out whether other departments have done similar work that could be used instead.

Contracts are often unnecessarily complex and contain adversarial contract terms and conditions that vary widely between departments for no apparent reason. Project management is described as "patchy". Managers change frequently, leaving the consultant as "the only person with any real continuity".

The report was drawn up by government employees from five departments, led by Mr Richard Harrison, of the employment department. Their recommendations are now being considered by Sir Peter Levene, the prime minister's adviser on efficiency.

Among the proposals are greater sharing of information on consultancy across the government administration to avoid duplication, possibly through a government-wide database.

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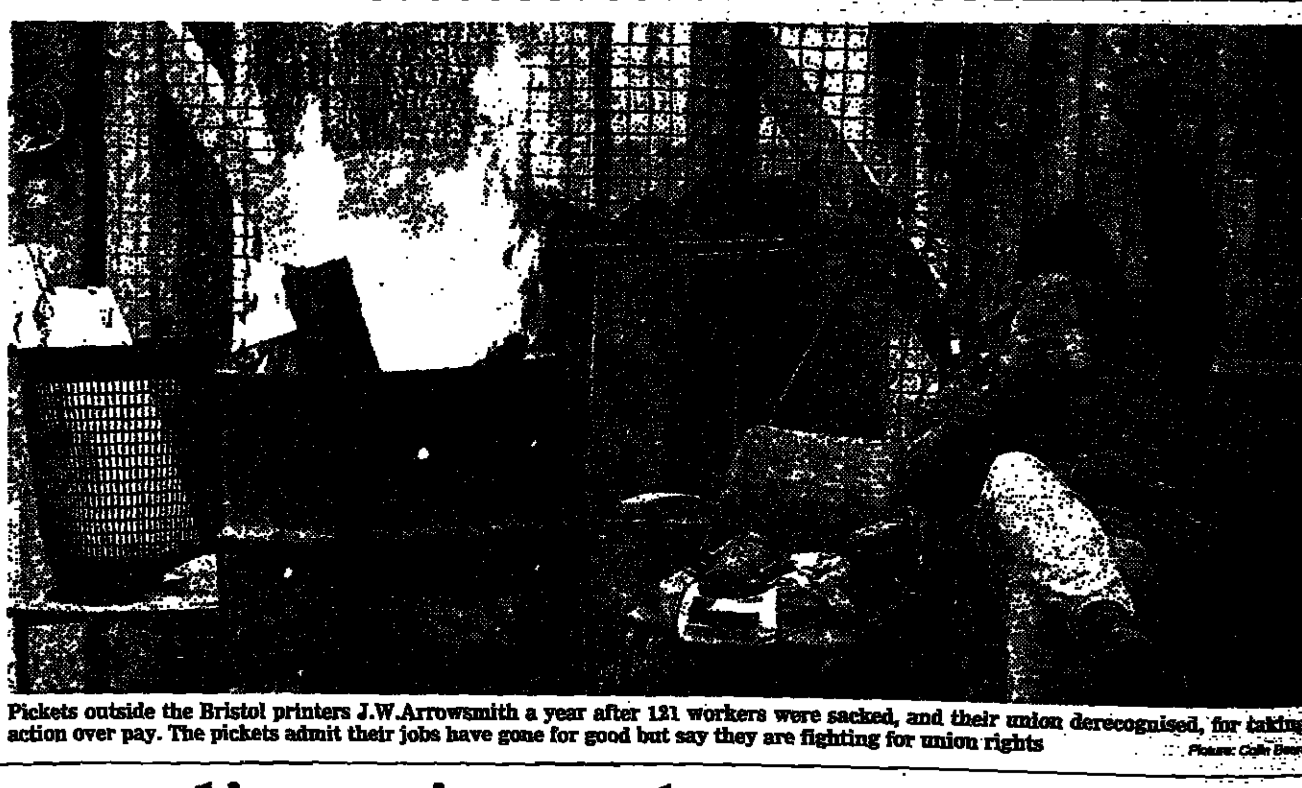

Pickets outside the Bristol printers J.W.Arrowsmith a year after 121 workers were sacked, and their union derecognised, for taking action over pay. The pickets admit their jobs have gone for good but say they are fighting for union rights Picture: Colin Beere

Male beasts in London's trading pits only partly tamed

Antonia Sharpe on the City's 'animal culture' after the Goldman Sachs resignations

If you pack a trading floor the size of a football pitch with hundreds of healthy young men and a sprinkling of women and expect them to work side-by-side for up to 15 hours a day, thoughts of sex will never be far away.

Even if there is no rampant bottom-pinching or fondling behind the filling cabinets, a sexual undercurrent is kept alive by the locker-room culture which thrives in such a competitive environment.

Traders often give sexually loaded answers to their female assistants' innocent questions and use graphic language when referring to their deals.

The high proportion of men in dealing rooms, from London's foreign-exchange departments to the commodities trading pits in Chicago, has exposed women to a gauntlet of dirty jokes and loutish behaviour from male colleagues and superiors. Women in subordinate roles are particularly vulnerable but even female traders find that they have to act aggressively to avoid being harassed.

A member of a foreign-exchange department at a US bank in London says some male traders still see themselves as "masters of the universe riding in on their horses – quick draw, quick fire and ride off into the sunset". He adds that women who do make it in that environment have to be "more macho than the men".

But the resignations last week of three male foreign-exchange dealers from the London branch of Goldman Sachs, the prestigious US investment bank, following complaints of sexual harassment by a female colleague, could indicate that the animal culture of the trading floor is being tamed.

The heavy legal costs and unwelcome media publicity associated with sexual harassment or discrimination cases in the US have prompted senior management at US banks to take such complaints far more seriously than their European and Asian counterparts.

Some US banks in London have telephone hotlines so that individuals can register complaints in confidence. Others regularly remind staff of the conduct policy in their contracts and even go so far as to state what constitutes sexual harassment.

Remarks such as "Honey, you look nice today" or rolling one's eyes when an attractive woman walks past are put forward as examples of unacceptable behaviour.

Women working at US banks say these measures have created a healthier working environment and that their promotion prospects have improved. One woman banker who previously worked at a European bank feels that "the rights of women are taken much more seriously at a US bank".

Another recalls how her complaints after being passed over for a promotion for which she was due resulted not only in her promotion the following year but also the departure of the man who had held her back.

The sexual imbalance on the City's trading floors is being corrected by the growing number of women entering the industry and rising to senior positions.

In addition, the increasing sophistication of the financial services industry has meant that the "barrow boys" are being replaced by highly qualified graduates who can deal with highly complicated derivative products. One senior woman executive at a European bank says these developments are contributing to a more "politically correct" atmosphere.

However, she also points out that no amount of political correctness will ever eradicate the "gold-digging" which has been part of City life for years. "I see those girls with their miniskirts and plunging necklines who are just dying to have an affair with a high-earning trader," she says. "When it doesn't go their way, will they now be able to claim that they were sexually harassed?"

Goldman's action shows that senior management in the City is getting tough on behaviour to which it once turned a blind eye, but only up to a point. The men who resigned were not in positions of authority; nor were they big revenue-earners.

Some observers question whether, in future cases, if the harasser were a star trader it would be the unfortunate secretary who was asked to move on.

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BUSINESS AND THE LAW

Hamburg 'aid' finding annulled

EUROPEAN COURT

The European Court of Justice has annulled a European Commission decision declaring certain *aids* given by the city of Hamburg unlawful. The Court said the decision was flawed because it failed to state the reasons on which it was based.

The case concerned money paid to companies in the Hamburg area. Under Rome treaty rules, any state aid must be notified. The Commission requested information from the German government which provided some details of the money paid. The Commission then opened a state aid procedure in respect of the grants.

Once the procedure had been opened, the German authorities gave more details of the aid paid. It also sent data to the Commission under the title *Stopping the Exodus of Companies*.

The Commission adopted a decision which found that a general programme of aid existed which was aimed at stopping the exodus of companies from Hamburg and that this programme was illegal and the aid should be reimbursed. Both the German government and one of the companies which had received some of the aid brought actions before the European Court.

One of the grounds on which the parties sought the annulment of the Commission decision was that there were insufficient reasons given in the decision in support of the findings.

The parties contested the existence of a general aid programme. They said the decision set out no evidence to justify the Commission's finding that there had been a programme of aid granted by the city of Hamburg aimed at stopping the exodus of companies from the locality.

In its decision, the Commission stated that, apart from the cases of which it was aware, it presumed that other companies had also received aid under the programme. It admitted an aid programme particular to Hamburg did not exist, but then stated that the grants were all made by the same institution with the same aid and from the same budget

The Commission therefore concluded that all the elements of an aid programme were present and that it was not necessary to investigate each grant of aid to determine whether if affected trade between member states.

The Court ruled first that the Commission decision did not identify any legal act establishing an aid programme. The Court then investigated the reasons given by the Commission for treating the aids granted as part of an aid programme.

One was that all the grants were made to stop companies leaving Hamburg. Even if this were so, it would not be sufficient to show that all the individual aid granted fell within the same programme. The other reasons advanced also failed to establish that the aid was part of a general programme.

The Commission's final argument was that it had been entitled to reach the conclusion it did because, in default of notification and lack of full disclosure by the German government, the only evidence on which it could base its findings was fragmentary.

The Court rejected this argument. In a previous case, the Court had ruled that once the Commission became aware of state aid which had been granted without prior notification, it had the power, having given the member state in question the opportunity to comment on the position, to demand in a provisional decision that the aid in question be suspended pending investigation. It could also demand to be given all information necessary to determine whether the aid was compatible with the common market.

It was only when a member state failed to furnish information following such a request that the Commission had the power to close the procedure and take a final decision on the legality of the aid.

In the present case, it had never formally demanded Germany supply all the relevant information. In such circumstances, it was unable to hazard a guess as to the existence of a general aid programme on the basis of the grants of which it was aware. The Commission's decision was therefore flawed and should be set aside.

Joined cases C-324/90 and C-342/90: Germany and Pleuger Worthington GmbH v Commission, ECJ FC, April 13 1994.

BRICK COURT CHAMBERS, BRUSSELS

Lloyds' High Court hurdle

Robert Rice on the legal obstacles before the UK bank's plans to take over the Cheltenham & Gloucester

Before Lloyds Bank's £1.8bn cash bid for the Cheltenham & Gloucester Building Society gets the green light there are several regulatory hurdles it must clear. The most immediate and arguably the stiffest test will come in the High Court on May 23.

At issue will be whether Lloyds, as parent of the subsidiary which will run the C&G if the deal goes through, is entitled to make cash payments to C&G's members and whether payments can be made to anyone who has not been an investing member of the society for at least two years.

The Building Societies Commission, regulator of the UK's 84 societies, will argue that Lloyds is prevented from making cash payments by the terms of the 1986 Building Societies Act. But it is widely accepted that the legislation is unclear on the issue of third-party payments.

Defeat for C&G would mean Lloyds has to think again. The bank has indicated that it may try to pay C&G members in preference shares if barred from making cash payments. The act does not prevent payments in the form of shares. Victory, on the other hand, could open the way for a number of takeovers in the industry.

The issue of cash inducements has been causing problems since 1989 when the commission issued guidance notes suggesting that the scope for making cash payments to a society's members during a takeover was severely limited.

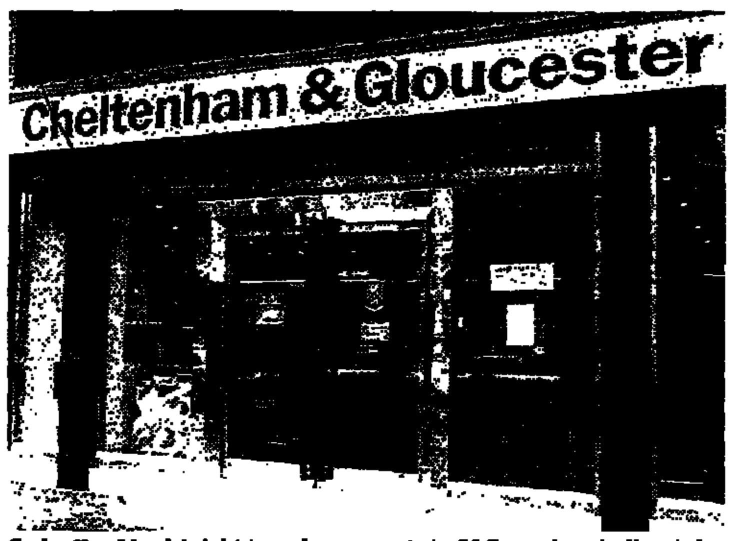
The guidance notes say the 1986 act provides that the agreement for transferring ownership of a society "may include provision for part of the funds of the society or its successor company to be distributed among members of the society". The successor company to C&G under the Lloyds bid would be the C&G subsidiary of the bank.

However, any distribution of funds to a society's members "shall only be made to those members who held shares in the society throughout the period of two years which expired with the qualifying day [for payments]".

According to the commission no distribution of funds can be made to shareholding members of less than two years' standing and not at all to a society's borrowing members.

The notes go on to say that the "funds" to be distributed must be the funds of the society or the successor company. If funds were made available for the transfer by a parent company they would be *reflected as a liability* in the successor company's balance sheet and so become part of its funds.

So it is not possible to circumvent the two-year shareholder qualification in the act by a third party or parent company such as Lloyds



Cash offer: Lloyds' right to make payments to C&G members is disputed

making the cash payments to C&G's members.

C&G's lawyers, City solicitors Slaughter and May, will argue that the act says nothing specific about the role of third parties in making cash payments as part of a takeover deal and that the commission's guidance on this point is open to doubt.

Slaughters claims that most building society and banking lawyers feel the act is badly drafted and unclear in a number of areas and needs clarifying.

C&G's lawyers will argue that the Building Societies Act is unclear and badly drafted

The Treasury has already started a review of the 1986 act which is looking at issues such as mergers and acquisitions, but any reform of the legislation is likely to come too late for Lloyds.

The commission does not dispute that the act is poorly drafted, but insists nevertheless that Parliament clearly intended the two-year shareholder rule to apply across the board in order to prevent speculative outflows of a society's funds.

If all shareholders were entitled to cash payments, speculators might be tempted to seek profits by investing heavily on a market rumour of a takeover.

Not all lawyers are convinced by this line of argument. Mr Peter Holland, partner of City solicitors Allen & Overy, says that while there clearly is a need to try to prevent speculative outflows of society funds, it is difficult to see that a society would be weakened if the payment is made by a third party.

But as about 60 per cent to 80 per cent of shareholders in most building societies would qualify for cash payments as two-year shareholders, why is it necessary to offer cash inducements to anyone outside that group?

Lloyds is offering all savers 10 per cent of the balance in their account on March 31, 1994 and voting members – those with £100 or more in Cheltenham Gold, London Share, Instant 7 or Tessa accounts on December 31, 1993 – an extra £500 for each account up to a maximum £10,000 per account. Borrowers will also get £500 per property and holders of permanent interest-bearing shares £500 per holding.

The main reason for such generous inducements, says Mr Holland, is that without them it would be very hard for the bid to secure the necessary support from shareholders.

The 1986 act sets a severe threshold on the approval a transfer has to be given by a society's members. A society's shareholding members must approve the transfer by special resolution, that is with a 75 per cent majority of those voting on the basis of one member one vote.

In addition, the resolution has to be passed by not less than 50 per cent of all members qualified to vote; or by shareholders representing not less than 90 per cent of the total value of the shares held by voting members.

This means either 50 per cent in number of the members or the holders of 90 per cent on value of the shares must vote in favour of the resolution for it to pass.

In a regular company takeover acceptances can build up over a period of time; but a building society takeover must secure all votes in favour on one "voting date". The borrowing members must also approve the transfer.

With voting procedures like this it is easy to see why building society takeovers are not for the fainthearted, says Mr Holland. The general opinion in the City is that without generous cash inducements the chances of securing the required vote on the day are remote.

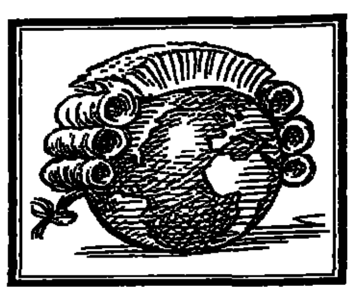
The High Court action between the commission and C&G is therefore crucial to the Lloyds bid. Few lawyers are prepared to bet on the outcome, but there is a feeling that cash payments should be approved because in the C&G deal's particular circumstances there is little chance of speculative outflows of the society's money.

The City sees the commission's action in this case as meaning it is opposed to the conversion or takeover of societies. But most lawyers acknowledge that as there is doubt on the issue of cash payments, the commission is right to test the legislation in the courts.

Mr Holland says that it is understandable that the commission should not want to approve a transfer outside the terms of the act. During the Abbey National flotation in 1988 a number of members' groups lobbied against the conversion and there are bound to be some C&G members who say they are not going to be "bribed" into accepting the Lloyds deal.

The problem therefore is not that the commission is opposed to the conversion or *transfer* of societies, but that the legislation needs clarifying. This is clearly an issue that the Treasury's review of the 1986 act must look at whatever the outcome of next month's court case.

LEGAL BRIEFS



Union steps up fight on employee rights

Unison, a UK public services union, will today appeal against a ruling by the Employment Appeal Tribunal on European employment protection rights. The appeal, arising out of an EAT ruling on the contracting out of services at Orsett Hospital in Essex, will decide whether the European Acquired Rights directive, which was translated into English law by the Transfer of Undertakings (Protection of Employment) Regulations 1981, known as Tupe, applies in the case of *Orsett*. Tupe protects employees' jobs when the business they work for changes hands.

Last August theEAT ruled that Tupe did not apply when the contract for cleaning the hospital came to an end and a new contract was awarded to a different contractor. The tribunal said something more was required to constitute a transfer than simply the fact that the same activity was being carried out at the same place (though by a different business).

Unison's position was boosted recently when the European Court of Justice ruled that the European directive could apply to the contracting-out of cleaning services performed by just one employee. In direct contrast to the position taken by the EAT, the Court ruled that all that was needed for the directive to apply was that the contractor was carrying out the same type of work as that performed before the transfer.

Breaking barriers

Are barriers between the different branches of the legal profession breaking down? The Law Society has just *elected its first honorary members*. Among them are former Masters of the Rolls, Lords Denning and Donaldson and John Toulmin QC, former president of the Council of the Bars and Law Societies of Europe.

PEOPLE

Sir Brian Pearse adds Lucas to his bow

Few bright stars seemed to be around last year to attract Lucas Industries in its quest for a successor to longstanding chairman and chief executive Sir Anthony Gill. "So who'd have thought we would wind up with the chairman of Rover *and* the chief executive of Midland Bank?" one senior manager said last night.

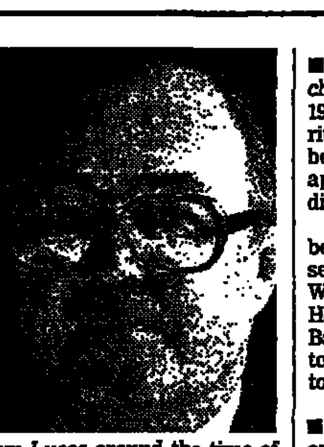
He was commenting on yesterday's announcement that Sir Brian Pearse, Midlands' chief executive until he retired at the end of March, is to become the motor components to aerospace group's chairman next month.

Unlike Sir Anthony, who has combined both the chairman's and chief executive's roles in grappling with Lucas' efforts to adapt to the globalisation of its main industry customers, Sir Brian's post will be strictly non-executive.

Very much a city figure, he is likely to be seen as a near-ideal complement to George Simpson, the former Rover vehicles group chairman. Simpson, a dyed-in-the-wool motor industry figure given *most of the credit for Rover's* renaissance, has been quietly getting his feet under the new chief executive's desk at Lucas' Birmingham headquarters since earlier this month.

That is a lot later than Sir Anthony himself had earlier hoped – but made unavoidable by Simpson's having to deal with Rover's sale to BMW.

It is now expected that Sir Anthony will undertake a staged hand-over to Simpson and Sir Brian, thus paving the way for his final departure



from Lucas around the time of the annual general meeting in November.

Lucas will be far from the only string to Sir Brian's bow. Among a number of directorships and honorary posts, he was recently appointed chairman of the Housing Corporation and of British Invisibles. He is also president of the Chartered Institute of Bankers and treasurer of King's College, London University.

Jeff Thornton (above), a high-flying Scottish civil servant, is leaving the Scottish Office to join Royal Bank of Scotland, where he is to set up a specialist group to assemble private finance for public sector projects.

Thornton is currently head of industrial policy and technology at the Scottish Office. He has been private secretary to Malcolm Rifkind, formerly Scottish secretary, and head of the Scottish inward investment operation in the western US, successfully luring high-tech companies to Scotland.

George Mathewson, the bank's chief executive, says the new unit is the first set up by a bank in response to the government's private finance initiative which aims to find private money for projects such as bridges, railways, sewage works and hospitals. Scotland, with a second Forth road bridge on the drawing board and plans to involve the private sector in the water and sewerage industry, is a key area.

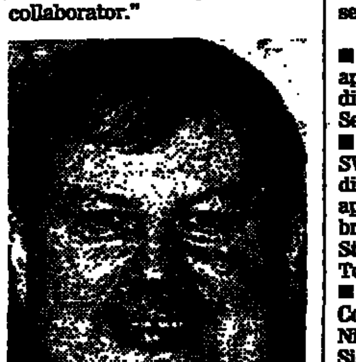
Thornton is yet another recruit to the Royal Bank who has previously worked with Mathewson at the now defunct Scottish Development Agency. He was assistant to Mathewson when the latter was the SDA's ceo in the 1980s. Others in this category are Iain Robertson, Mathewson's successor as the SDA's chief executive, who now runs the bank's corporate and institutional banking, and Frank Kirwan, director of retail banking services. Kirwan was previously head of strategy at the bank, and earlier at the SDA.

Willie Paterson (right), a 52-year-old Scot who has been head of the Europa Institute at Edinburgh University for four years, has been picked to head Birmingham University's new Centre for German Studies.

Paterson has gained a reputation as one of Britain's canniest academic operators. When he tempted Helmut Kohl to Edinburgh for an honorary degree in 1991, he won renown – and the heart of the chancellor – by plying the big man from Bonn with haggis. He has now been given charge of a new centre being set up under a joint initiative by the governments of London and Bonn.

Birmingham gained the right to host the centre after outbidding 10 other British universities with an offer of funding of just over £360,000 per year. An equivalent amount is being put up by the German government. The focus will be on postgraduate teaching and research. Paterson wants to emphasise mainstream economic and political issues – including questions like corporate governance in the two countries, Germany's role in the European Union and how the UK and Germany can learn from each other in curbing unemployment.

Academic institutions like this, Paterson believes, can play a role in smoothing Anglo-German tensions set off by unification. "Adjusting to a relative shift in power is very uncomfortable." He will place maximum stress on exchanges of information and staff with other British and German universities: "I am by nature a collaborator."



■ Sir David Walker, 54, deputy *chairman of Lloyds Bank since* 1992 and chairman of the Securities and Investments Board between 1988-92, has been appointed a non-executive director of Reuters Holdings.

Sir David was in the treasury between 1961-77 and was on secondment to the IMF in Washington between 1970-73. He became chief adviser to the Bank of England in 1977, rising to the post of executive director, finance and industry.

■ **Less than three weeks after announcing he was on the jobs market after leaving Henry Cooke Lumsden, the Manchester stockbroker, David Adams was yesterday named private client executive director of Capel-Cure Myers Capital Management. He will start next Tuesday.**

Adams will oversee a network of 21 offices scattered throughout Britain's most affluent pockets and be responsible for advising and investing around £3bn on behalf of UK and international private clients.

Capel acquired the network, which has 470 staff, from the National Investment Group in 1990. John Henderson, chief executive, who has been fulfilling the role himself for the past six months, says: "We are very pleased to get someone of his calibre. We expect David to do the job in a much bigger way."

Adams, who is 50, played a central role in Manchester's emergence as a regional financial centre by offering competitive services against London firms.

Now he is changing sides by moving to London – and away from Manchester for the first time in his career. But since some of Capel's offices are scattered along the M62 corridor in Cooke territory pioneered by Adams when chief executive, the north has not seen the last of him.

■ **Stephen Bridges has been appointed national sales director for AEGON Financial Services.**

■ **Erik Träff, head of SWEDBANK's international division in Stockholm, is appointed head of the London branch on the move of Robert Stenram to head the new Tokyo office.**

■ **Hugo Akerman, Peter Cooper, James Garner, Henrik Nielsen, Jeremy Nunn, Nigel Sidebottom and Robert Taylor have been appointed directors of GERRARD VIVIAN GRAY.**

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MANAGEMENT: THE GROWING BUSINESS

Scheme for big spenders

Baronsmead, the venture capital group, has launched a scheme to let wealthier individuals invest alongside institutional investors in unquoted companies.

The pilot scheme aims at investors with at least £100,000 to invest in companies requiring finance for early-stage development capital, small management buy-outs or buy-ins. They will not be asked to invest in start-funds.

Baronsmead believes the scheme is the first to offer private individuals the opportunity to co-invest with institutions.

The private investors will decide whether or not to participate in a company on a case-by-case basis. Baronsmead undertakes to offer the private investors deals on the terms negotiated by the institutional investors. But the investors will not know the precise terms of the deal.

In order not to fall foul of the Financial Services Act, the private investors will only receive a one-page description of the business, its record and its prospects, rather than a business plan and a copy of any due-diligence carried out.

The "angels", as Baronsmead is calling its private investors, will be passive and will not be able to participate as non-executive directors.

Richard Hargreaves, managing director of Baronsmead, says he is looking for investors aware of the risks of investing in unquoted companies.

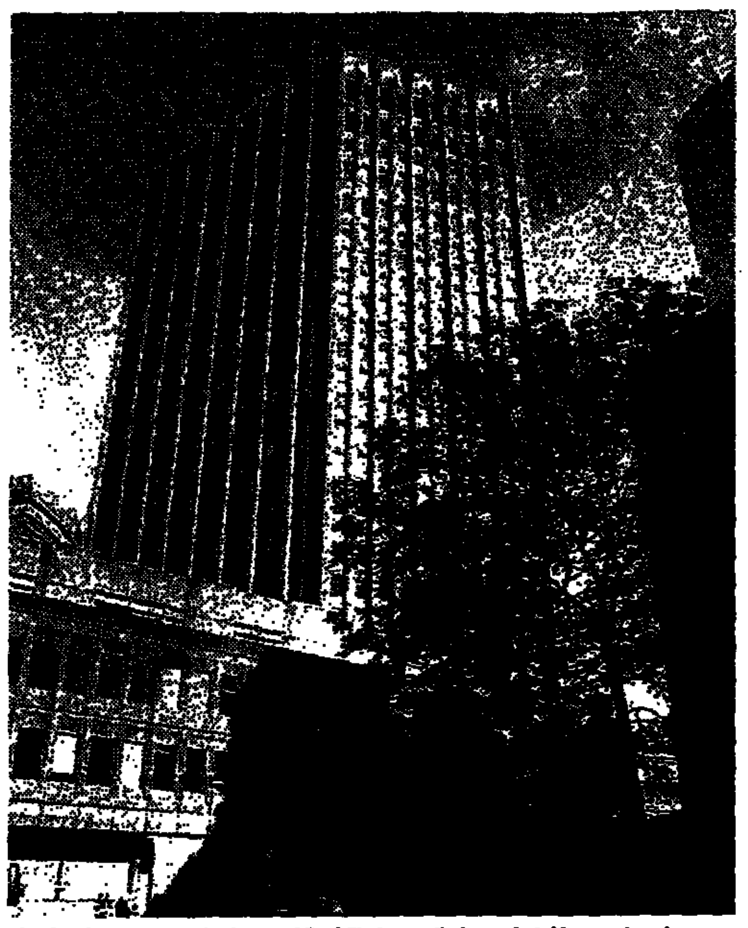
Investors will be need to have a minimum of £100,000 to put into a number of investments. Once they have invested they will pay a 5 per cent, one-off fee and 20 per cent of any income – whether in the form of dividends or capital gain.

Baronsmead, which has funding ties with Barclays Bank, has £100m under management. Historically, the group has averaged a running yield of 9 per cent gross before any capital gains; it makes on average 70 per cent of its investments in redeemable shares.

RG

What will replace Britain's Unlisted Securities Market? Norma Cohen finds a stream of suggestions

Missing link



The Stock Exchange: the issue of liquidity in small shares is taking centre stage

Grabbing the attention of investors is no problem for small companies and venture capitalists in the good times. But in a bear market, small company shares tend to lose their lustre; liquidity in shares simply disappears. (They become difficult to buy and sell.)

With the Stock Exchange looking at what should replace the Unlisted Securities Market, which is to be phased out by 1997, the issue of liquidity in small shares is again taking centre stage.

A growing number of venture capitalists believe that what is needed is a new market managed independently of the Stock Exchange and which actively promotes itself as the listing authority for small, entrepreneurial firms.

Whatever happens, venture capitalists are agreed that any replacement for the USM is unlikely to succeed unless there is liquidity in the shares. And to a large extent this depends on the community of intermediaries being willing to research, promote and make markets in small company shares.

The issue is particularly pressing in Britain where the withdrawal of investment banking services to small companies remains a painful memory. "The USM fell into disuse because there was no one there who ensured that the business remained through good times and bad," said Marc Cramsie, head of corporate finance at Singer and Friedlander, a firm which specialises in structuring capital-raising exercises for small companies.

In the recession of the early 1990s, investors who already held small company shares lost the ability to sell them, and even venture capitalists with exciting prospects in their portfolios found there was no marketplace.

Moreover, market makers – who offer to buy and sell securities at firm prices in all market conditions – withdrew from dealing in small company shares while stockbrokers who produced research reports on small companies wound down their research teams or deployed them to cover other sectors.

Privately, venture capitalists and even some securities industry officials say the stockbroking community itself has a lot to answer for. "There is a missing link here," said Jos Peeters, managing director of Capricorn Venture Partners, a Brussels-based joint venture with Baring Venture Capital. "There is the absence of investment banks who research and promote interest in smaller companies. Maybe the stockbrokers have forgotten how much money they made promoting smaller companies before the recession," he said.

Perhaps, venture capitalists also concede, too many companies sought listings when public listing was an inappropriate capital-raising method for them. "There are 15,000-18,000 companies in European venture capital portfolios and the majority are not suitable for public listing," Peeters said. "But if 10 per cent are suitable, you have 1,500 to 1,800 companies available for listing."

Venture capitalists and others point to the US, where NASDAQ has become the successful trading exchange for the shares of entrepreneurial start-up companies and has endured through good times and bad. One ingredient for success in attracting both private and professional investors to shares of these companies has been the presence of a group of "cheerleading" stockbrokers.

These firms, such as Hambrecht and Quist, and Baltimore-based Alex Brown and Sons, have specialised in producing reliable research on small companies, helping investors separate the high-quality investments from the others and generally promoting interest in the sector.

Andrew Beeson, partner at Beeson Gregory, a stockbroking firm specialising in small companies, says the production of timely, credible research about companies is critical. "We recognise that you are not going to get institutional or other investors into small companies unless you keep them informed on an on-going basis," he said.

In Britain, not enough firms are producing such research, he says. Beeson Gregory does so, but has found that when the shares in question are those of one of its own corporate finance clients, investors become understandably sceptical.

As a result, the firm only gives out analytical reports on companies after they have reported their earnings, highlighting significant developments both good and bad.

Some who specialise in marketing small company shares argue that the big investment banks devote too little time and effort to the sector. After all, the top 350 companies in the FT-A Actuaries Index account for 94 per cent of turnover on the London Stock Exchange.

"These guys pay no attention to the sector when the markets are good and they walk away from it when times are bad," grumbled one stockbroker. One problem, he argues, is that rules for initial public offerings allow too high a percentage of shares to be tucked away into the hands of a few investors. This means that too many stocks quickly become illiquid. Often the market maker is the firm which brought the shares to market in the first place, allowing a degree of price manipulation.

However, Cramsie argues that this practice is hard to change. "If you decree that half of any new issue's shares have to be sold to the public, you are guaranteeing a few flops," he said.

NASDAQ may have staying power in a recession because there is more capital available for investment in the US and private individuals are prepared to make investment decisions themselves.

If there were to be a new exchange, many members of the UK City Group for Smaller Companies (Cisco) believe it will need to be pan-European, that is, a trading place for the shares of small, entrepreneurial companies all over Europe which attracts capital from a full European investor base.

According to Peeters, a pan-European exchange for small company shares would be able to attract more investment capital and offer listing to more companies than any domestic exchange.

"Research has shown that only new, fast-growing companies are gaining employment in Europe," he says. "Older companies are shedding workers. These new companies are adding to the overall economic activity but without funding, they cannot grow as fast as their competitors in the US or Asia."

The right stuff for 'supergrowth'

Successful medium-sized companies share the same give-away features, writes Richard Gourlay

If you want to be a successful medium-sized company, educate your managers, be generous with the share options and rush new products into the market.

You should also focus export efforts on high-growth markets and use more of the modern management and production techniques larger competitors will already have adopted.

If your company does all this, it shares many of the characteristics of the "supergrowth companies" identified by Coopers & Lybrand, the accountants, in one of the most comprehensive surveys carried out on the badly under-researched UK smaller company sector.

As well as identifying characteristics of success, the survey questions whether it is appropriate to restrict government support to companies with fewer than 500 employees, a limit set by the European Union's definition of a medium-sized enterprise.

The survey* covered more than 500 independent, family-owned and owner-managed companies in the UK with sales of between £8m and £500m and between 20 and 3,000 employees.

Sir Brian Jenkins, senior partner at Coopers, says there are 19,000 companies in this middle market, which accounts for about 30 per cent of total UK employment and about the same proportion of UK GDP.

The 70 highly successful "supergrowth" companies, identified in the poll, had grown sales by 60 per cent over the past three years. Almost all were still relatively small with sales below £50m.

A number of factors distinguished "supergrowth" companies:

- A significantly higher number of senior executives had degrees than in the sample overall. Throughout the middle market, however, companies were providing more training to junior staff than to executives.
- More supergrowth companies had increased the frequency of product or service launches and shortened delivery lead times over the past three years than businesses in the rest of the middle market.
- More supergrowth companies used techniques now widely adopted in big companies and by their larger customers. These include: use of problem-solving teams with members from different disciplines within a company such as sales, production and finance; simultaneous product development by design, production and sales departments; value engineering – redesigning to take costs out of existing products; reverse engineering – stripping down a competitors' product to examine how much it would take your company to make and market; and quality function deployment – ensuring quality objectives cascade through the organisation.

Aside from these characteristics of success, there were other defining features of the middle market as a whole. Nine-tenths of the companies had only one product or service. In spite of having flat management structures – or perhaps because of them – they had unstable management teams. More than two-thirds of the companies had lost at least one top executive in the past three years. Women were still rare at the top levels. Rapid growth was unusual.

Two-thirds of middle-market companies thought the government's most important role was to keep inflation and interest rates low. Nearly three-quarters said increasing regulatory requirements were a crippling financial burden.

And – an old chestnut – the Department of Trade and Industry needed to improve the marketing of its services. Some 86 per cent of senior executives of private companies had little knowledge of the DTI's activities despite being a target for its assistance.

*Made in the UK – Middle Market Survey. Coopers & Lybrand, 071 583 5000.

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The tender process is being managed by KPMG Peat Marwick Corporate Advisory Services. Bona fide potential purchasers of all or part of the assets for sale are requested to record their interest in writing to KPMG Peat Marwick by 5.00pm, Monday, 16 May 1994. Information Memoranda will be made available to approved parties following execution of a Confidentiality Agreement. Tenders will close on Friday, 22 July 1994 following completion of the due diligence process by Friday, 15 July 1994.

All enquiries should be addressed in writing to: David Brown Douglas, KPMG Peat Marwick, PO Box 996, Wellington, New Zealand. Fax (64) 4 802-1225.

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TECHNOLOGY

Many PC users need constant expert backup as well as rescue services. **Claire Gooding** looks at a UK council

Every day in every way

It's 10 minutes past 10 in the morning. Dozens of people are working on their personal computers. Suddenly the screens all go fizz-bang, as an electrical contractor accidentally touches a positive to a negative wire.

The surge of power leaves 65 PCs dead or smoking, plus their printers and five Novell file servers – the hubs of a PC network. Even the two UPSs – Uninterruptable Power Supply units – are dead. The UPS is designed to protect computers from damaging surges in power, but not to withstand 480 volts.

This sounds like a "disaster recovery" scenario, dreamt up to test crisis procedures. But the nightmare really happened, in the building which houses many of Brent Council's social services staff, in March this year.

Lubna Ibrahim, Brent social services client IT manager, was already very busy as users are in the process of upgrading from mainframe applications and Wang minicomputers to standardised PC software. All are supplying vital care management and support services, and could not do their jobs without the computer system.

Her first call was to BIT Information Services, one of the new breed of council-owned contractors. BIT, formed from the former IT department of Brent, competed independently to win the support business for social services and for two other large internal client departments.

Following government directives on efficiency, Brent has devolved from a few large divisions into almost 100 business units, each of which can choose its own IT hardware and software. A corporate IT team, CIT, is responsible for council-wide policy, setting standards where appropriate in software, hardware and procedures, and co-ordinating generic systems such as local area networks.

Brent's decentralisation, coupled with a new open systems policy, has brought about a system consisting of 30 interlinked Unix and Novell file servers, which are taking over many of the mainframe functions. It serves 3,000 Brent Council employees, more than 1,000 of whom are PC users, in 30 buildings.

BIT supports all the telephony at Brent, but it is up to individual departments whether they use BIT's services for support. Social Services is one of the three large departments that have opted to use BIT.

So when disaster struck, Ibrahim immediately contacted BIT support manager Jim Sarath and asked him to replace all the damaged equipment, about £100,000 worth. According to Bob Roberts, deputy customer-services manager of BIT: "By 3pm we'd ordered 40 replacement PCs. By Thursday, they were all up and running with centralised printing services. We have a number of strategic alliances with suppliers, so in a crisis, we can get help quickly."

'It is the help-desk's job to analyse where a problem originates,' says Bob Roberts, deputy customer-services manager of BIT

Software is often a greater problem than hardware. The power cut jeopardised all the procedures and data the PC users had built up: desktop publishing formats, standard electronic mail forms for exchanging information, and other frameworks embedded in their day-to-day operations.

"What BIT did to rescue the data was to mop it up from the hard disks, saving the data, the formats, the forms, and the libraries. What we preserved was the working environment as well as the actual data," says Roberts.

BIT seldom has to respond to such urgent purchasing requirements. It takes an everyday role in supporting users and training them to use new systems. Ibrahim's role is a good example of how the mushrooming of IT services on PCs and networks has produced a need for localised, specialised support. She is on the spot for Social Services, part of their operation rather than an IT person first and foremost, and sympathetic to IT novices.

"In the past year, we've migrated from the old system to the new, from Wang or even mainframe applications to the PC, using Microsoft Office and cc:mail applications," she says. "We already have 128 users, all trained and supported by BIT. I always insist that people have the new system as soon as they've finished training, so that they become users straight away."

SOFTWARE AT WORK

Brent social services department uses a well-established software package, SSID, for Unix and PCs, as well as its customised applications. New needs are always arising. Ibrahim defines the problem, then turns to BIT for the solution: she can even browse through the technology available in a "one-stop showcase" in their nearby office.

"I have a bad habit of ringing them and saying: can I have this yesterday. So far, they've always delivered," she says. "They're not just doers, they're thinkers, they have helped us evolve our IT practices. They also have to be good all-rounders because from 8am to 6pm they are dealing with every sort of inquiry, from 'what is my password?' to a PC catching fire. BIT loans us equipment in the case of any hardware problems, but software is much more tricky."

Roberts agrees. "It is the help-desk's job to analyse where a problem originates. If it is software, it could be anything from a software package on a Unix minicomputer, to a PC application built in-house. We try to fix the problem here in the help-desk, before involving any outside supplier or even our own support engineers."

Software support involves expensive expertise, on call all day. Lack of communication is the biggest hazard, resulting in help-desk bottlenecks and frustrated users. Without central control, it is only too easy for several help-desk staff to be chasing the same problem, unaware that it is a common one, with a known correction.

From the user's point of view, talking to a help-desk can be daunting, especially when – like talking to a bank or a utility – they never get the same member of staff twice, and have to start from the beginning with every call.

Anxious to avoid these pitfalls, BIT drew up a shortlist of three help-desk tools from 20 or so suppliers, and tested three. HDE, from Digital Networks International in East Grinstead, won on three counts. HDE software could work on PC Lans as well as Unix servers, and development of modifications was easy with a quick programming language, or 4GL. Its inbuilt inventory management facilities cover hardware and software, right down to the individual user level. Knowing who is using what can be a problem in any organisation where a free rein with IT purchasing has led to different generations of the same software, running on hybrid hardware.

"You have to have something to control the help-desk traffic," says Roberts. "We tried a home-grown solution but while it gave us a log, there was no real control ability, which is what HDE provides. It gives us dynamic control over the current situation."

HDE logs support calls, and allows work to be shared out between the help-desk team. The logged data can be "sliced and diced" to look at individual workloads, specific problem areas, or focus on the origins of problems. Behind it is a database of premises, addresses, and users. HDE "learns" from the fixes logged in the system, proffering menus of possible solutions, and instant checklists for the support staff to suggest to the user.

"HDE has been very successful because we can see what the issues are, and how we can allocate resources. It allows us to know about common problems that are happening to various different people: we can draw on the prior knowledge of fixes, and apply it the next time around," says Roberts.

Remote access to the user's terminal is an important HDE feature. Taking this one step further, BIT is currently testing the Intel LAN Desk Manager, which provides "over the shoulder" remote control of the user terminal (on the same principle as the dual controls used for driving instruction), plus remote control of the network.

The information provided by HDE provides analytical fodder for BIT's purchasing policy, and even a way of measuring and monitoring third-party service contracts.

BIT has become hard-nosed, according to Roberts. "A few years ago, what you would have seen is a standard centralised IT department. These days, what you find is more of a commercial organisation. Our job is not to make a large profit from our users, but to break even."

Right to reverse engineer

Geof Wheelwright on a US battle to produce compatible software

The US software industry is in turmoil over a court decision that may severely limit companies' ability to produce compatible software products.

At issue is the continuing legal fall-out from two court rulings involving Microsoft, the world's largest producer of personal computer software, and Stac Electronics – a relatively small producer of "data compression" software.

Stac recently won a verdict of patent infringement against Microsoft, forcing the software giant to remove a "DoubleSpace" feature that almost doubles the amount of data that can be stored on a personal computer hard disk, from its products.

This verdict has caused much discussion in the software industry. But a second, less publicised ruling, made in Microsoft's favour, is prompting more serious debate. Stac has been ordered to pay Microsoft damages of $13.6m (£9.3m) for misappropriation of trade secrets.

Stac denies any wrongdoing, saying that it only "reverse engineered" portions of Microsoft's MS-Dos PC operating system. Reverse engineering is a common practice in the computer industry. It involves examining the components and functions of a product to produce a competitive product that matches the functions of the original.

Stac revealed during the trial that it made use of what are known as "undocumented system calls" to produce its Stacker product. This product also expands the data storage capacity of a PC hard disk, to work more efficiently with the MS-Dos operating system. Undocumented system calls are those parts of the operating system that are not detailed in manuals. Given the complexity of the software, there are typically several undocumented elements to an operating system.

"We are concerned that the jury has found that Microsoft can protect undocumented calls as trade secrets," says Gary Clow, chairman and chief executive of Stac Electronics. The decision "will have a profound effect on how companies, both large and small, compete in the software industry", he predicts.

Critics of the ruling say the central issue is "reverse engineering". They say that if companies cannot use reverse engineering design methods it will become very difficult to create products that work well with established programs from large software companies such as Microsoft. This has prompted an investigation of the case by the US Justice Department, which is already conducting an extensive anti-trust investigation into Microsoft's business practices.

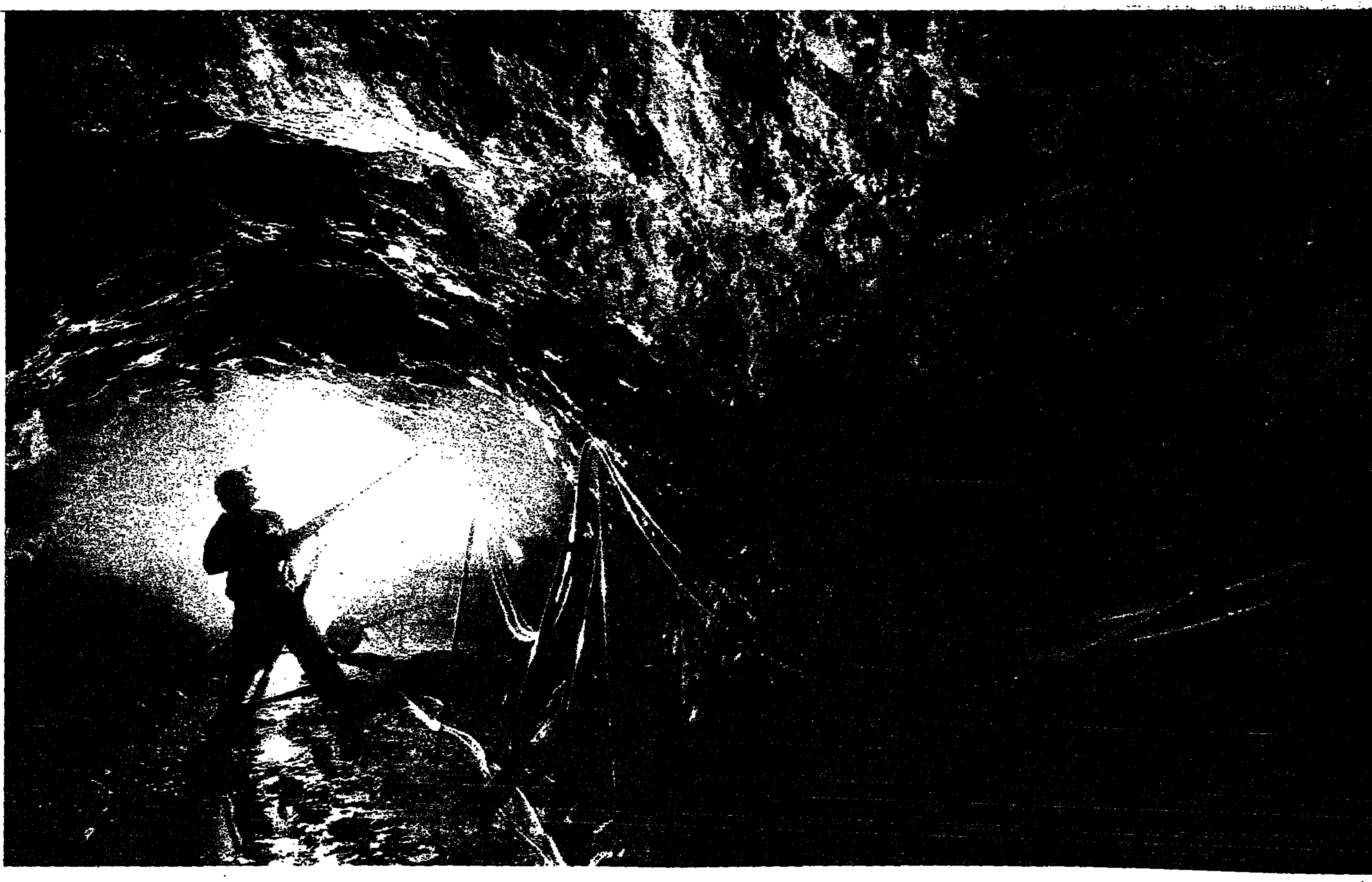
According to San Francisco-based copyright attorney Robert Barr, who represents several US software houses, the ruling could drive some software companies to move to Europe because the European Community's software directives "expressly make it proper to reverse-engineer in the way that Stac Electronics reverse-engineered parts of MS-Dos 6".

"It would be a shot in the arm to the European software industry," he says. "The allegedly wrongful act [of reverse-engineering] would be legal in the UK, so Microsoft would be hard-pressed to block exports to the US."

Microsoft, however, simply says the jury made the right decision which Stac must accept.

"A federal jury in LA returned a verdict against Stac on a trade-secret claim by Microsoft. The jury even awarded punitive damages because it considered Stac's actions deliberate," says Paul Maritz, senior vice-president of systems at Microsoft.

"Since then, Stac's president Gary Clow and others have devoted an enormous amount of energy . . . trying to foster the belief that Microsoft will use this verdict to pursue claims against [other] third-party developers who legitimately use debugging tools to achieve or maintain compatibility with Microsoft's operating systems. These statements just aren't true."



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